

# Exhibit 25



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE )  
COMMISSION, )  
 )  
Plaintiff, )  
 ) Case No.:  
v ) 20-Civ-10832(AT) (SN)  
 )  
RIPPLE LABS, INC., BRADLEY )  
GARLINGHOUSE, and CHRISTIAN )  
LARSEN, )  
 )  
Defendants. )  
\_\_\_\_\_ )

HIGHLY CONFIDENTIAL

VIDEOTAPED DEPOSITION OF

[REDACTED]

Wednesday, August 11, 2021

Reported By:  
KATHLEEN WILKINS, STENOGRAPHIC REPORTER,  
CSR 10068, RPR-RMR-CRR-CCRR-CLR-CRC  
JOB No. 210811KWI



1 VIDEOTAPED DEPOSITION OF [REDACTED]

2 BE IT REMEMBERED that on Wednesday,  
3 August 11, 2021, commencing at the hour of 8:09 a.m.  
4 thereof, at Kasowitz Benson, 2029 Century Park East,  
5 Suite 2000, Los Angeles, California, before me,  
6 Kathleen A. Wilkins, RPR-RMR-CRR-CCRR-CLR-CRC, a  
7 Certified Stenographic Shorthand Reporter, in and  
8 for the State of California, personally appeared  
9 [REDACTED], a witness in the above-entitled court  
10 and cause, who, being by me first duly sworn, was  
11 thereupon examined as a witness in said action.



1 APPEARANCES OF COUNSEL

2 FOR THE PLAINTIFF:

3 SECURITIES AND EXCHANGE COMMISSION  
4 New York Regional Office  
200 Vesey Street, Suite 400  
New York, New York 10281-1022  
5 BY: DAPHNA WAXMAN, ESQ.  
JORGE G. TENREIRO, ESQ.  
6 Telephone: (212) 336-0153  
Email: Waxmand@sec.gov  
7 tenreiroj@sec.gov

8 FOR [REDACTED]:

9 KASOWITZ BENSON TORRES LLP  
1633 Broadway  
10 New York, New York 10019-6799  
BY: MICHAEL HANIN, ESQ.  
11 JONAH M. BLOCK, ESQ.  
Telephone: (212) 506-1788  
12 Email: Mhanin@kasowitz.com  
jmblock@kasowitz.com

13 FOR THE DEFENDANT RIPPLE LABS:

14 DEBEVOISE & PLIMPTON LLP  
919 Third Avenue  
15 New York, New York 10022  
BY: LISA ZORNBERG, ESQ.  
16 MICHAEL J. PISEM, ESQ.  
Telephone: (212) 909.6947  
17 Email: Lzornbeg@debevoise.com  
18 mpisem@debevoise.com



## 1 APPEARANCES OF COUNSEL (Continued)

2 FOR DEFENDANT CHRISTIAN A. LARSEN:

3 PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP  
2001 K Street, NW  
4 Washington, D.C. 20006-1047  
BY: MEREDITH DEARBORN, ESQ.  
5 KRISTINA BUNTING, ESQ.  
Telephone: (628) 432-5117  
6 Email: mdearborn@paulweiss.com  
kbunting@paulweiss.com  
7

8 FOR DEFENDANT BRADLEY GARLINGHOUSE:

9 CLEARY GOTTLIEB STEEN & HAMILTON  
2112 Pennsylvania Avenue, NW  
Washington, D.C. 20037  
10 BY: SAM LEVANDER, ESQ.  
Telephone: (212) 225-2951  
11 Email: slevander@cgsh.com

12 ALSO PRESENT:

13 Rashad Hunter, Videographer

14 ZOOM PARTICIPANTS (Via Zoom Videoconference):

15 Ainsley Kerr, ESQ., Securities and Exchange  
Commission; Ladan Stewart, Esq., Nicole  
16 Forbes, for the Plaintiff

17 Theodore Galanakis, Esq., Paul, Weiss, Rifkind,  
Wharton & Garrison LLP, for Christian A.  
18 Larsen

19 Christopher S. Ford, Esq., Debevoise &  
Plimpton, for Ripple

20 Alexander Janghorbani, Esq., Cleary Gottlieb  
Steen & Hamilton LLP, for Bradley  
21 Garlinghouse

22 Eliana M. Pfeffer, Esq., Kellogg, Hansen, Todd,  
23 Figel & Frederick, PLLC, for Ripple Labs

24 Michael Schulman

25 Eva Sanchez



## INDEX

## INDEX OF EXAMINATIONS

WITNESS:	PAGE
Morning Session	8
Examination By Ms. Waxman	10
Afternoon Session	164
Examination By Ms. Zornberg	229
Examination By Ms. Dearborn	273
Further Examination By Ms. Waxman	308

## INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION	PAGE
Exhibit [REDACTED]-3	Email from [REDACTED] with attachment, Bates stamped GSR00011398 through GSR00011405	59
Exhibit [REDACTED] 6	Email from [REDACTED] to [REDACTED], Bates stamped GSR00000294	186
Exhibit [REDACTED] 13	String of e-mails Bates stamped RPLI_SEC 0050808 through RPLI_SEC 0050814	110
Exhibit [REDACTED]-15	String of e-mails Bates stamped RPLI_SEC 0057021 through RPLI_SEC 0057023	124
Exhibit [REDACTED]-20	Document Bates stamped GSR0004553 through GSR0004555	87
Exhibit [REDACTED] 22	String of e-mails Bates stamped GSR00009169 through GSR00009175	97
Exhibit [REDACTED]-23	Email from [REDACTED] to Patrick Griffin, et al., Bates stamped GSR00001999	79



## INDEX OF EXHIBITS (Continued)

EXHIBIT	DESCRIPTION	PAGE
Exhibit ■ 24	String of e-mails Bates stamped GSR00017355 through GSR00017357	117
Exhibit ■ 25	Email to ■, Bates stamped GSR00001968	121
Exhibit ■-27	String of e-mails Bates stamped GSR00000356 through GSR00000357	103
Exhibit ■ 29	String of e-mails Bates stamped GSR00004966 through GSR00004970	105
Exhibit ■-34	String of e-mails (Not Bates stamped)	194
Exhibit ■ 37	String of e-mails (Not Bates stamped)	204
Exhibit ■-41	String of e-mails Bates stamped GSR_003236 through GSR_003238	134
Exhibit ■ 42	String of e-mails Bates stamped RPLI_SEC 1029362 through RPLI_SEC 1029364	136
Exhibit ■ 45	String of e-mails Bates stamped GSR00008741 through GSR00008743	211
Exhibit ■-49	Document entitled, "XRP.USD Liquidation Report," Bates stamped RPLI_SEC 0582440	224
Exhibit ■ 53	Document entitled, "Master Purchase Agreement," Bates stamped RPLI_SEC 0878012 through RPLI_SEC 0878019	177



## INDEX OF EXHIBITS (Continued)

EXHIBIT	DESCRIPTION	PAGE
Exhibit [REDACTED] 54	Text message dated July 7th, 2020, from [REDACTED] to Chris Larsen (Not Bates stamped)	209
Exhibit [REDACTED] 57	String of e-mails Bates stamped GSR00022738 through GSR00022744	23
Exhibit [REDACTED] 60	Document entitled, "XRP.USD Liquidation Report," Bates stamped GSR00025392	221
Exhibit [REDACTED] 63	Spreadsheet (not Bates stamped)	172
Exhibit [REDACTED] 64	String of e-mails Bates stamped RPLI_SEC 0059885 through RPLI_SEC 0059889	218
Exhibit [REDACTED] 65	Slack message, Bates stamped RPLI_SEC 0303609	138
Exhibit [REDACTED] 66		183
Exhibit [REDACTED] 100	Document entitled, "Market Making Agreement," Bates stamped RPLI_SEC 0204011 through RPLI SEC 0204019	229
Exhibit [REDACTED] 101	Document entitled, "Memorandum of Understanding," Bates stamped RPLI_SEC 0136542 through RPLI_SEC 0136543	236
Exhibit [REDACTED] 103	Document entitled, [REDACTED] [REDACTED] Bates stamped SEC-LIT-EPROD-001011296 through SEC-LIT-EPROD-001011304	245



1 AUGUST 11, 2021

8:09 A.M.

2 P R O C E E D I N G S

3 MORNING SESSION

4 THE VIDEOGRAPHER: Good morning everyone.

5 Here begins the videotaped deposition of [REDACTED]

6 [REDACTED] testifying in the matter of the Securities and  
7 Exchange Commission versus Ripple Labs, Inc., et al.

8 Today's date is August 11, 2021. The time on the  
9 record is 8:09 a.m. My name is Rashad Hunter, the  
10 videographer. Our court reporter today is  
11 Kathleen Wilkins.

12 Counsel, will you please introduce  
13 yourselves for the record, and the witness will be  
14 sworn.

15 MS. WAXMAN: My name is Daphna Waxman and  
16 I represent the plaintiff, SEC.

17 MR. TENREIRO: Jorge Tenreiro, plaintiff,  
18 SEC.

19 MS. DEARBORN: Meredith Dearborn for  
20 defendant Christian Larsen from Paul Weiss.

21 MS. BUNTING: Kristina Bunting from Paul  
22 Weiss Rifkind Wharton & Garrison on behalf of  
23 Christian Larsen.

24 MR. LEVANDER: Sam Levander from Cleary  
25 Gottlieb Steen & Hamilton for defendant



1 Brad Garlinghouse.

2 MR. BLOCK: Johah Block on behalf of the  
3 witness, [REDACTED].

4 (Reporter clarification.)

5 BY MR. PISEM: Michael Pisem, Debevoise &  
6 Plimpton, for Ripple Labs.

7 MS. ZORNBERG: Lisa Zornberg,  
8 Debevoise & Plimpton, for Ripple Labs.

9 MR. HANIN: Michael Hanin, Kasowitz Benson  
10 Torres, for the witness.

11 MS. WAXMAN: Counsel, do you have any  
12 stipulations you'd like to place on the record?

13 MR. HANIN: No. No. Although, I do think  
14 we have an agreement as to time today. And we had  
15 agreed on 8:00 to 6:00. We're starting a little bit  
16 late. I'll have to talk to the witness about how  
17 much time beyond 6:00 we have, but that's the  
18 general parameter and that's a hard stop. But I  
19 know there's an allocation as between the commission  
20 and the other defendants.

21 As to how the time is going to be split,  
22 we have no view on that. Other than that, we're  
23 going to stop when we're going to stop.

24 MS. ZORNBERG: So I'll put a couple  
25 stipulations on. First, as with prior depositions,



1 we're going to take the view that an objection  
2 either by the witness's counsel or by any of the  
3 lawyers for any of the defendants is -- can suffice  
4 to preserve the objection for all of the defendants.

5 We would also preliminarily designate the  
6 entire transcript as confidential subject to any  
7 designation of particular parts later on as highly  
8 confidential.

9 In terms of the split, the agreement of  
10 the parties is that the SEC has until 3:00 p.m. and  
11 then the balance of the day is for the defendants.

12 And we all agree to try to be timely with  
13 our breaks to that end.

14 MR. HANIN: I would add to that. I  
15 don't -- I haven't reviewed the protective order in  
16 this case for this purpose, but we would ask that  
17 the entire transcript be presumptively highly  
18 confidential, from our perspective, until we have  
19 the opportunity to review, given what may be the  
20 sensitive and proprietary nature of the testimony.

21 MS. WAXMAN: That's fine.

22 EXAMINATION BY MS. WAXMAN

23 BY MS. WAXMAN:

24 Q. Mr. [REDACTED], please state your name for the  
25 record.



1 A. [REDACTED]

2 Q. And, Mr. [REDACTED], is there any reason you  
3 cannot give truthful testimony today?

4 A. No.

5 Q. Would you please tell me your education,  
6 beginning with college.

7 A. I studied at [REDACTED]. I graduated in 1999  
8 with a degree in economics.

9 Q. And after you graduated, can you please  
10 tell me about your work history.

11 A. I joined [REDACTED] soon after  
12 graduating from [REDACTED], and I worked at [REDACTED]  
13 until early 2009.

14 Q. And after [REDACTED] where did you  
15 work?

16 A. After [REDACTED], I moved back to [REDACTED]  
17 and had some personal investments, but I didn't  
18 actually work for any other company.

19 Q. Have you ever had any employment after  
20 leaving [REDACTED]?

21 A. No.

22 Q. When did you come to start working at GSR?

23 A. I started working at GSR in 2013.

24 Q. Okay. So in between 2009 and 2013, did  
25 you have any employment?



1 A. No.

2 Q. And do you currently hold any professional  
3 licenses?

4 A. No.

5 Q. And are you still working at GSR now?

6 A. Yes.

7 Q. And are you, in your individual capacity,  
8 registered with any regulatory or organization, such  
9 as FINRA?

10 MS. ZORNBERG: Object to form.

11 THE WITNESS: Me personally?

12 BY MS. WAXMAN:

13 Q. In your individual capacity, yes.

14 A. I don't think so.

15 Q. Is GSR registered in any capacity with any  
16 regulatory authority?

17 A. I believe there are some GSR entities that  
18 are registered with FinCEN.

19 Q. Okay. And which ones?

20 A. I'd have to check.

21 MR. HANIN: When you say any regulatory  
22 authority, do you mean anywhere in the world or --

23 BY MS. WAXMAN:

24 Q. My question was not limited to regulatory  
25 authorities in the United States.



1           A.    Okay.  I mean, we are work -- we've been  
2   working with the MAS in Singapore to be licensed in  
3   Singapore.  But as I'm sure you know, they're a  
4   little bit backed up, so we're waiting -- we're  
5   waiting to hear back from them.

6           Q.    And when you say "we," who are you talking  
7   about?

8           MS. ZORNBERG:  Just one moment.  I'm being  
9   told that the Zoom is frozen.

10          MS. WAXMAN:  Let's go off the record.

11   8:14.

12          THE VIDEOGRAPHER:  We're going off the  
13   record at 8:14 a.m.

14          (Whereupon, a recess was taken.)

15          THE VIDEOGRAPHER:  We're going back on the  
16   record at 8:15 a.m.

17   BY MS. WAXMAN:

18          Q.    So going back to my prior question, you --  
19   I asked you when -- you said we've been working to  
20   become registered in Singapore, correct?

21          A.    Correct.

22          Q.    And when you say "we," who are you talking  
23   about?

24          A.    I believe our Singapore and operating  
25   company, GSR Markets PTE Limited is the entity that



1 is seeking to be regulated in Singapore.

2 Q. Okay. And other than the entity in --  
3 that entity that you just named, are any other GSR  
4 entities registered with any regulatory authority?  
5 Or attempting to become registered?

6 A. Well, as I --

7 MS. ZORNBERG: Object to form.

8 You can answer.

9 THE WITNESS: As I said earlier, some of  
10 our operating companies are registered with FinCEN,  
11 and I don't recall which ones. And in addition,  
12 we've been starting to engage with regulators here  
13 in the U.S. with the aim of bringing GSR's business  
14 on shore. I think I mentioned to you once, right,  
15 that we had a meeting with the SEC back in January  
16 where we described the activities that GSR does.

17 BY MS. WAXMAN:

18 Q. And who was present at that meeting?

19 A. I -- I'd have to check, Daphna, I don't  
20 remember.

21 Q. And --

22 A. There were a number of people from the  
23 SEC, and from our side, the management team, and our  
24 counsel.

25 Q. And what was the purpose of the meeting,



1 from your perspective?

2 A. You know, we've always had the ambition of  
3 bringing GSR [REDACTED] to the U.S. and being  
4 [REDACTED] in the United States. And so this was an  
5 introductory meeting where we were talking to the -  
6 I think it's the markets team at the SEC and  
7 describing the different business activities GSR  
8 does with the aim of working together to -- I don't  
9 want to sound bombastic, but to help them, you know,  
10 develop a framework with the understanding that, you  
11 know, a lot of the activities in crypto are perhaps  
12 new, and the framework just doesn't exist yet.

13 Q. When you say with the aim of becoming --  
14 being [REDACTED], do you mean GSR would be -- become  
15 a [REDACTED] with the Securities and Exchange  
16 Commission?

17 A. We would -- yes. I think that would be  
18 the end goal.

19 Q. And they would be [REDACTED] as what?

20 A. That is what is unclear to me, as of  
21 today.

22 Q. But in some [REDACTED] capacity with the  
23 commission?

24 A. That's -- that would be our goal, yes.

25 Q. Changing topics for a second, did you



1 attend any prep sessions in advance of this  
2 deposition today?

3 A. I met with my counsel.

4 Q. And did you meet with any counsel for the  
5 individual defendants?

6 A. No.

7 Q. Did you meet with Ripple's counsel?

8 A. No.

9 Q. And how many hours in total did you  
10 prepare for this deposition with your counsel?

11 A. Roughly somewhere between five and ten, I  
12 would say.

13 Q. Okay. And other than your counsel, did  
14 anyone else attend these sessions?

15 A. No.

16 Q. Okay. Did you review any documents in  
17 connection with that preparation?

18 A. Yes.

19 Q. And about how many documents did you  
20 review?

21 A. When you say "how many documents," you  
22 mean how many sheets of paper or different emails  
23 or...

24 Q. Did you review emails in connection with  
25 your preparation?



1 A. Yes, I reviewed some emails.

2 Q. And about how many emails?

3 A. I would say somewhere -- a dozen or  
4 somewhere between one and two dozen.

5 Q. And other than emails, did you review any  
6 other documents?

7 A. Yes.

8 Q. What sorts of documents did you review?

9 A. I recall seeing a transcript of a  
10 conversation, I can't remember which messaging  
11 service it was, maybe Skype or something like that.

12 Q. And who was the conversation with or  
13 between?

14 A. Sorry, I'm trying to -- oh, it was between  
15 myself and [REDACTED].

16 Q. Okay. And what was the substance between  
17 yourself and [REDACTED]?

18 A. I believe it was a conversation I had with  
19 [REDACTED] when [REDACTED] was working at Ripple, and it had  
20 to do with how we were going to be compensated for  
21 providing services to ODL.

22 Q. And what was the date of the conversation?

23 A. I -- I don't recall.

24 Q. Had you already started to provide  
25 services in connection with ODL to Ripple?



1 A. I don't think so.

2 Q. So prior to that time?

3 A. Correct.

4 Q. And what specifically were you discussing  
5 with respect to the compensation for services in  
6 connection with ODL?

7 A. Maybe I should rephrase. Maybe  
8 compensation wasn't the right term. But if I  
9 remember correctly, I -- I was complaining to [REDACTED]  
10 that the [REDACTED], which we had discussed earlier,  
11 was being reduced.

12 Q. Are you talking about a [REDACTED] or an

13 [REDACTED]?

14 A. I think it was both.

15 Q. And why were you complaining about that?

16 A. Well, in order to be able to provide ODL,  
17 we need -- services to ODL, we need [REDACTED].  
18 And with less [REDACTED], it was going to make  
19 it harder for us. We were going to have to [REDACTED]  
20 [REDACTED] in order to be able to provide  
21 the service. And that just wasn't what -- I was  
22 under the impression that we had agreed to different  
23 terms earlier, and -- verbal negotiation.

24 Q. And the [REDACTED] that you're  
25 talking about, that's -- the [REDACTED], that's



1 [REDACTED] that you would use to convert fiat to a local  
2 currency?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: I think you're familiar with  
5 how ODL works. And in some instances we're offering  
6 XRP, and in other instances we're bidding for XRP.  
7 So you need -- in order to perform this activity,  
8 you need to have an inventory of XRP and you need to  
9 have an inventory of the relevant fiat.

10 BY MS. WAXMAN:

11 Q. So in the situations where you need to  
12 have the relevant fiat, are you using the [REDACTED]  
13 [REDACTED] with using  
14 traditional payment rails?

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: That question wasn't very  
17 clear to me. Sorry.

18 BY MS. WAXMAN:

19 Q. Thank you for letting me know. I'll try.

20 So in the situations where you need to  
21 provide the local currency, for example, when you're  
22 providing Mexican pesos, are you using the [REDACTED]  
23 [REDACTED] that -- to purchase the Mexican pesos --

24 MS. ZORNBERG: Object to form.

25 / /



1 BY MS. WAXMAN:

2 Q. -- that you would offer?

3 MS. ZORNBERG: Same objection.

4 THE WITNESS: It's not exactly like that.

5 When we purchase Mexican pesos, by virtue of  
6 providing the ODL service, what we're doing is we're  
7 selling XRP and we're receiving Mexican pesos.

8 BY MS. WAXMAN:

9 Q. Are there situations where you are buying  
10 XRP and --

11 A. Yes.

12 Q. So that occurs -- okay. So I want to  
13 focus on the situations where you are buying the XRP  
14 and providing the Mexican pesos.

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: Okay. It's still unclear to  
17 me what you're asking, though. When we're  
18 purchasing XRP, we do so with a fiat inventory.  
19 That inventory of fiat can -- can be -- appears, if  
20 you will, on the exchange from -- we typically send  
21 it in from our [REDACTED].

22 BY MS. WAXMAN:

23 Q. Yeah. That's exactly -- so I'm -- my  
24 question simply is, do you use the [REDACTED]  
25 that you get from Ripple -- and when I'm talking



1 about the [REDACTED] I'm talking about the

2 [REDACTED] -- to purchase the [REDACTED] inventory from the [REDACTED]

3 [REDACTED]?

4 A. We --

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I think we have in the past.

7 BY MS. WAXMAN:

8 Q. So yes, the answer is yes, you use the

9 [REDACTED] from Ripple to purchase the [REDACTED]

10 inventory which you then later exchange for XRP?

11 MR. HANIN: Object to the form.

12 MS. ZORNBERG: Yeah. Object to form.

13 MR. HANIN: I think he answered that.

14 But if you understand, you can answer.

15 MS. ZORNBERG: Just add to the objection.

16 You're not fixing the time, you're speaking in

17 present tense. It's very unclear.

18 BY MS. WAXMAN:

19 Q. You understand what I -- what the question  
20 was?

21 A. Yes. The answer is more nuanced because  
22 it's not as if we earmark a sum of dollars that only  
23 gets exchanged into Mexican pesos. There is a pool  
24 of capital, and depending on the flows, we might  
25 have more funding needs in Mexican pesos or in



1 Philippine pesos.

2 For us, the way we look at it is we have a  
3 bucket of risk that is crypto, which is XRP, which  
4 has a volatility, and there's another bucket of risk  
5 that is the fiat component. I'm not as concerned  
6 about the FX risk because there's much less  
7 volatility.

8 So to answer your question, yes, sometimes  
9 that fiat component of the [REDACTED] that  
10 we receive from Ripple to service ODL oftentimes is  
11 used to purchase XRP, but it -- oftentimes it sits  
12 unused. Which particular currency it gets exchanged  
13 into is determined by the ODL flows.

14 Q. So we'll talk a little more about ODL  
15 after. I got a little sidetracked.

16 MR. HANIN: I think we were talking about  
17 documents he reviewed --

18 MS. WAXMAN: Yes.

19 MR. HANIN: -- to prepare for his  
20 deposition.

21 MS. WAXMAN: Thank you.

22 Q. Before this litigation was filed, did you  
23 have any meetings or calls with counsel for any  
24 party in this litigation?

25 A. Before the December -- the lawsuit, right?



1 Q. Correct.

2 A. Before that, I had an interview with you,  
3 correct?

4 Q. Correct.

5 A. Yes.

6 Q. Did you have any meetings or calls with  
7 counsel for either Mr. Garlinghouse or Mr. Larsen?

8 A. No. Not that I can recall.

9 MS. WAXMAN: Exhibit 57, please.

10 (Whereupon, Deposition Exhibit ■-57  
11 was marked for identification.)

12 BY MS. WAXMAN:

13 Q. Mr. ■, I'm showing you what's been  
14 marked ■-57, which has the Bates GSR\_22738  
15 through -744. It appears to be an email chain from  
16 October 2020 that you are on with people from Cleary  
17 Gottlieb. Your lawyer is also copied, and some  
18 others.

19 Please take a moment to look at it and let  
20 me know when you're done.

21 So this email chain appears to be setting  
22 up a call between you and lawyers for  
23 Mr. Garlinghouse, correct?

24 A. Yes.

25 Q. Okay. And did you have any reason to



1 believe that you didn't have a conversation with  
2 Mr. Garlinghouse's lawyers?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: No, I don't have any reason  
5 to believe that.

6 BY MS. WAXMAN:

7 Q. Okay. And do you recall the conversation  
8 that you had?

9 A. I don't. And I apologize, I -- 'cause  
10 I --

11 Q. It's fine.

12 A. -- answered the previous question wrong.

13 Q. That's why we have documents to refresh  
14 your memory.

15 What was the purpose of that conversation  
16 or call?

17 MR. HANIN: Objection.

18 MS. ZORNBERG: Objection.

19 MR. HANIN: Yeah.

20 MS. ZORNBERG: Ms. Waxman's implying that  
21 the document does refresh his memory, and that's --  
22 you haven't asked the predicate, does it refresh  
23 your recollection.

24 THE WITNESS: I don't recall the  
25 conversation, so ...



1 BY MS. WAXMAN:

2 Q. Does the document refresh your memory as  
3 to whether or not you had any calls with  
4 Mr. Garlinghouse's counsel?

5 A. Unfortunately, it does not.

6 Q. Okay. Did you ever provide  
7 Mr. Garlinghouse's counsel with access to certain --  
8 to information?

9 MS. ZORNBERG: Object to form.

10 MR. HANIN: And when you say "you," do you  
11 mean [REDACTED] personally or GSR? Just because there may  
12 be a distinction.

13 MS. WAXMAN: Well, let's ask --

14 MR. HANIN: I know [REDACTED] wants to be  
15 truthful and accurate and if the questions are --

16 BY MS. WAXMAN:

17 Q. Did you or anyone else at GSR ever provide  
18 Mr. Garlinghouse's counsel with access to certain  
19 information?

20 MR. HANIN: You can answer to the extent  
21 you know.

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: I mean, I presume so, yes.

24 BY MS. WAXMAN:

25 Q. Okay. And when you say you presume so,



1       why do you say that?

2           A.     Well, I can see in this email thread that

3       [REDACTED] provided a correction on a spreadsheet, right?

4       The email dated October 15th.

5           Q.     Okay. And why did he provide that

6       information?

7           MR. HANIN: Objection.

8           If you know.

9           THE WITNESS: I mean, I don't remember.

10       But as I'm reading this email thread, I can see that

11       Brad had asked us to clarify some reporting, and

12       [REDACTED] replied saying here's a spreadsheet with the

13       correct data.

14       BY MS. WAXMAN:

15           Q.     And do you have any understanding as to

16       why Mr. Garlinghouse requested that information?

17           MR. LEVANDER: Objection.

18           (Reporter clarification.)

19           THE WITNESS: No.

20       BY MS. WAXMAN:

21           Q.     Do you recall any conversations with

22       Mr. Garlinghouse's counsel?

23           A.     I don't, Daphna.

24           Q.     Okay. Can you tell me generally what

25       services GSR -- I'm finished with that document.



1 Can you tell me generally what services  
2 GSR provides?

3 A. In general?

4 MS. ZORNBERG: Object to form.

5 BY MS. WAXMAN:

6 Q. From a high level, can you tell me what  
7 GSR does?

8 A. At the core, we're an [REDACTED]  
9 firm that specializes in crypto.

10 Q. And what do you mean by "an [REDACTED]  
11 [REDACTED] firm"?

12 A. Most of the trading we do is [REDACTED]  
13 in nature.

14 Q. And when you say it's "[REDACTED] in  
15 nature," what does that mean?

16 A. We have engineers and quants who [REDACTED]  
17 the [REDACTED] that drive the [REDACTED]. It's not  
18 click [REDACTED] like I used to do.

19 Q. Does the training involve the use of [REDACTED]?

20 A. Yes. [REDACTED] is what -- how people refer to  
21 the [REDACTED].

22 Q. What is your understanding of a [REDACTED]?

23 A. [REDACTED] -- I guess people expect [REDACTED]  
24 [REDACTED] to be executed by some form of [REDACTED], but  
25 they don't exist. Humans program [REDACTED]. It's



1 [REDACTED] And this [REDACTED] governs how computers send

2 [REDACTED]

3 Q. And who -- who at GSR is responsible for

4 [REDACTED] the [REDACTED]?

5 A. We have a large team of quants who,  
6 depending on what type of trading we're doing, it  
7 will be one person or another.

8 Q. And how do you sell a digital asset using  
9 an [REDACTED]? I assume it's different than other  
10 ways that you could sell a digital asset.

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: It's a very strange  
13 question. Most of the trading volume in digital  
14 assets to date has been performed on what they call  
15 centralized exchanges. When -- in order to sell an  
16 asset, you need to own it. And typically, you would  
17 show an offer. And if somebody wants to buy that  
18 asset, they would lift your offer.

19 Placing the order can be done using a  
20 mouse, and the exchange is GUI, or it can be done  
21 [REDACTED] via the exchange's API.

22 BY MS. WAXMAN:

23 Q. So the [REDACTED] is connected to the  
24 exchange's API?

25 MR. HANIN: Objection to form.



1 THE WITNESS: Technically, I don't think  
2 that's correct, but the exchange's API allow our  
3 computers to send and receive orders to the  
4 exchanges.

5 BY MS. WAXMAN:

6 Q. And those orders, how quickly are they  
7 placed on the exchange?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I'm not the best person to  
10 ask that question. My -- my technical understanding  
11 is rather limited. You know, it's in the fractions  
12 of a second, but I wouldn't know how to be more  
13 specific.

14 BY MS. WAXMAN:

15 Q. And -- that's good enough. Thank you.

16 Are the -- are the [REDACTED] placing  
17 trades 24 hours a day?

18 A. Yes. That's the goal.

19 Q. Obviously, today we're going to talk about  
20 GSR's relationship with Ripple.

21 When did Ripple's -- GSR's relationship  
22 with Ripple begin?

23 A. I believe it was Q4 of 2013.

24 Q. Okay. And -- so about eight years you've  
25 had a business relationship with Ripple?



1 A. Yes.

2 Q. Okay. And over those eight years, how  
3 much revenue has GSR earned from Ripple?

4 MR. HANIN: Objection.

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I don't know the exact  
7 number, Daphna.

8 BY MS. WAXMAN:

9 Q. Can you give an approximate range?

10 MR. HANIN: Objection to form. And the  
11 framing from Ripple, if you know -- I'm not sure  
12 what that means, but ...

13 THE WITNESS: I mean, we've -- it's  
14 difficult to answer because, you know, we've been  
15 paid for certain services, as I'm sure you know.  
16 You've seen the contracts. But, you know,  
17 sometimes, you know, there's -- it's not as simple  
18 as a [REDACTED] business. And -- and so, you know,  
19 I wouldn't know how to differentiate fees that we've  
20 earned from Ripple and revenue that we've been able  
21 to create by taking more proprietary views on risk.

22 BY MS. WAXMAN:

23 Q. You're not able to extrapolate how much  
24 revenue came from programmatic sales of XRP?

25 MS. ZORNBERG: Objection.



1 THE WITNESS: So -- so the programmatic  
2 sales of XRP were one activity, one service that we  
3 provided for Ripple. For that, that was a fee  
4 business. And I think that -- my guess is we  
5 probably earned between [REDACTED] and \$[REDACTED] in fees  
6 from the programmatic sales that we did on behalf of  
7 Ripple. But that's a guesstimate.

8 BY MS. WAXMAN:

9 Q. Is that during the entire period or per  
10 year?

11 A. No. During the time that we were selling  
12 XRP on behalf of Ripple.

13 Q. Okay. And --

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. -- during what time period was that?

17 MS. ZORNBERG: Okay.

18 THE WITNESS: I don't recall exactly  
19 how -- I don't recall the exact dates. I'm sorry,  
20 Daphna.

21 BY MS. WAXMAN:

22 Q. Okay. And you said there were other  
23 services that GSR provided for Ripple, correct?

24 A. Correct.

25 Q. And what other services?



1           A.    So when we first engaged with Ripple in  
2   late 2013 or early 2014, we -- it was in the context  
3   of providing liquidity to the Ripple Consensus  
4   Ledger.

5           Q.    Any other services?

6           A.    So broadly, we started off as providing  
7   liquidity on Ripple's Consensus Ledger, then we also  
8   did programmatic sales of XRP, and more recently  
9   we've been servicing ODL.

10          Q.    Okay. And the services in connection with  
11   ODL, during what period of time did that occur?

12          A.    I should know the answer to that one  
13   'cause that was more recent. I don't remember when  
14   we started, but it's ongoing.

15          Q.    Okay. And approximately how much money  
16   did GSR earn from Ripple in connection with the  
17   services that it provided related to ODL?

18               MR. HANIN: Objection to the form.

19               MS. ZORNBERG: Objection.

20               (Reporter clarification.)

21               MR. HANIN: One for all. One objection  
22   for all.

23               THE WITNESS: Is the question how much  
24   revenue we've generated from ODL?

25   / /



1 BY MS. WAXMAN:

2 Q. Correct.

3 MS. ZORNBERG: Same objection that was  
4 stated last time.

5 THE WITNESS: This goes back to my earlier  
6 point. The fees that we've earned from ODL are  
7 quantifiable or more easily quantifiable. But we --  
8 we made some risk decisions with regards to ODL  
9 which resulted in -- we had to make some trading  
10 calls, I guess is what I'm saying, with regards to  
11 the positions that we had as a result of our ODL  
12 engagement.

13 BY MS. WAXMAN:

14 Q. Aside from the positions that GSR took in  
15 connection -- the trading positions that GSR took in  
16 connection with ODL, did you receive any flat fees  
17 or variable fees from Ripple?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: For ODL?

20 BY MS. WAXMAN:

21 Q. For ODL.

22 A. Yes, we did. If I remember correctly,  
23 there was a flat fee and a variable fee in  
24 connection with ODL.

25 Q. And approximately how much money did GSR



1 make from those in connection with the ODL services?

2 MR. HANIN: Object to the form.

3 THE WITNESS: I -- I don't recall, Daphna,  
4 'cause I don't recall the exact time. Those  
5 variable fees changed over time.

6 BY MS. WAXMAN:

7 Q. Okay.

8 A. And -- and I don't remember how many  
9 months we were on one or on the other.

10 Q. During the 2013 -- during the period where  
11 Ripple was -- GSR was executing programmatic sales  
12 on behalf of Ripple, was Ripple GSR's largest  
13 revenue service?

14 MR. HANIN: Object to form.

15 MS. ZORNBERG: I heard 2013, but did you  
16 withdrawal the reference to 2013?

17 MS. WAXMAN: Yes.

18 Q. So the question is: During the period  
19 where Ripple's -- during the period where GSR was  
20 executing programmatic sales for Ripple, was Ripple  
21 GSR's largest revenue source?

22 MS. ZORNBERG: Object.

23 MR. HANIN: Object to form. It's a  
24 difficult question to answer without defining that  
25 period.



1 But if you can ...

2 THE WITNESS: Yeah. I -- I don't think I  
3 can answer the question because the period during  
4 which we provided the XRP sales was quite large, and  
5 I don't remember the exact beginning and endpoints.  
6 And I do know that within that time period,  
7 depending on what snapshot of time you take, there  
8 were periods when other of our activities were  
9 providing us with more or less revenue.

10 BY MS. WAXMAN:

11 Q. Just taking a step back, was Ripple a  
12 substantial client for GSR?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: Ripple is a substantial  
15 client of GSR's.

16 BY MS. WAXMAN:

17 Q. And approximately how much revenue does  
18 GSR get from the business it had with -- from  
19 Ripple?

20 MS. ZORNBERG: Objection.

21 MR. HANIN: Object to form.

22 MS. ZORNBERG: And asked and answered.

23 MR. HANIN: Without a time period, I don't  
24 see how the witness can answer that question. I'm  
25 not trying to be difficult. I just -- I don't think



1 that's an answerable question as asked.

2 BY MS. WAXMAN:

3 Q. When -- so you said you considered Ripple  
4 a substantial client. Why did you consider them a  
5 substantial client?

6 A. Well, Ripple has always been one of the  
7 top digital assets in the crypto space. Sadly, like  
8 me, one of the oldest, who's been around for quite  
9 some time, and it's a -- it's not your usual crypto  
10 company.

11 You know, it's -- Ripple has a large  
12 headquarter and a huge workforce and executives and  
13 people -- you know, it's -- I -- I don't know how to  
14 say this without sounding silly, but Ripple has  
15 always been one of the responsible adults in the  
16 space in the sense that, you know, they're --  
17 they're a real company with real people and real  
18 goals.

19 Unfortunately in the digital asset space,  
20 you know, there's -- the standards aren't always so  
21 high.

22 Q. Is Ripple still a customer of GSR's today?

23 A. Yes.

24 MS. ZORNBERG: Objection. Asked and  
25 answered.



1 BY MS. WAXMAN:

2 Q. And what is the nature of the relationship  
3 today?

4 A. We service ODL.

5 Q. Okay. And what percentage of GSR's  
6 current revenues are attributed to Ripple?

7 MR. HANIN: Objection.

8 If you can answer.

9 THE WITNESS: This fiscal year, for  
10 example, or ...

11 BY MS. WAXMAN:

12 Q. Yes.

13 A. This fiscal year, ODL has been less than  
14 [REDACTED] percent of GSR's revenue.

15 Q. And in previous years, has it been more  
16 than that?

17 A. Yes.

18 Q. And how much more?

19 MR. HANIN: Object.

20 THE WITNESS: Which years?

21 BY MS. WAXMAN:

22 Q. What was the highest percent revenues from  
23 Ripple have ever been from GSR?

24 MR. HANIN: Objection as to time frame.

25 THE WITNESS: You mean ODL as a fraction



1 of GSR's total revenue?

2 BY MS. WAXMAN:

3 Q. Yes.

4 MS. ZORNBERG: Object to form.

5 THE WITNESS: I'm guesstimating here,  
6 Daphna, but, I don't know, somewhere between [REDACTED] and  
7 [REDACTED] percent, perhaps.

8 BY MS. WAXMAN:

9 Q. Okay. Earlier you identified three  
10 different types of services that GSR provided for  
11 Ripple. The first one you said during 2013 and  
12 2014, GSR was providing liquidity to RCL, correct?

13 A. Correct.

14 Q. And what is RCL?

15 A. The Ripple Consensus Ledger.

16 Q. And what was the liquidity on -- for XRP  
17 on the RCL at the time that you started to do that?

18 MS. ZORNBERG: Objection to form.

19 THE WITNESS: Can you define -- what do  
20 you mean by the liquidity of?

21 BY MS. WAXMAN:

22 Q. What was the volume of trading for XRP on  
23 the Ledger at the time?

24 MS. ZORNBERG: What time.

25 THE WITNESS: And when? Like back in



1 2013?

2 BY MS. WAXMAN:

3 Q. At the time that you first started to  
4 provide services to -- to -- at the time that you  
5 started to provide liquidity in XRP on the RCL, what  
6 was the liquidity, what was the volume of trading?

7 MS. ZORNBERG: Objection. Can you fix a  
8 time?

9 BY MS. WAXMAN:

10 Q. Did you understand the time period that we  
11 were just talking about?

12 A. I -- I understood the question to be in Q4  
13 of 2013, when we started.

14 Q. Okay. In Q4 of 2013, what was the volume  
15 of XRP trading on the Ledger?

16 A. When you say "XRP trading," just XRP  
17 trade -- so trades where XRP was one of the two  
18 crosses? Because on the Consensus Ledger, you could  
19 also trade, you know, euros for dollars or . .

20 Q. I'm just talking about XRP. Any crosses  
21 involving XRP.

22 A. I mean, I certainly can't remember an  
23 exact number from eight years ago. But I would -- I  
24 mean, I can tell you with certainty it was a lot  
25 less than what trades today, but I don't remember



1 the exact figures, Daphna.

2 Q. What was the purpose of -- why did Ripple  
3 contract with you to provide these services?

4 MR. HANIN: Objection.

5 If you know.

6 THE WITNESS: I mean, they -- we have --  
7 we had a market making agreement with Ripple, so  
8 they were asking for us to provide liquidity to RCL.

9 BY MS. WAXMAN:

10 Q. And did you understand that there was  
11 limited liquidity at the time?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: I don't know how I would  
14 designate -- I mean, what constitutes limited?

15 BY MS. WAXMAN:

16 Q. Why were you -- strike that.

17 What was the purpose of the market making  
18 agreement with Ripple?

19 MR. HANIN: Objection. From whose  
20 perspective, or are you asking his understanding of  
21 the purpose?

22 BY MS. WAXMAN:

23 Q. What did they tell you about why they  
24 wanted you to provide market making services?

25 MS. ZORNBERG: Object to form.



1 THE WITNESS: I don't know that they --  
2 the market making agreement has -- had some KPIs  
3 that we were supposed to meet.

4 BY MS. WAXMAN:

5 Q. And what is a KPI?

6 A. A key performance indicator. So is  
7 that -- does that answer your question?

8 Q. What I'm trying to understand is, what was  
9 your understanding of your role in connection with  
10 the market making agreement?

11 A. Well, as --

12 MS. ZORNBERG: Object to form. "Your"  
13 being Mr. [REDACTED] or GSR?

14 BY MS. WAXMAN:

15 Q. Either in your -- what was your  
16 understanding of GSR's role in connection with the  
17 market making agreement?

18 A. We were hired as liquidity providers and  
19 we were tasked with providing liquidity subject to  
20 the KPIs that I mentioned earlier.

21 Q. And what does it mean to provide liquidity  
22 for someone who's not, you know, familiar with how  
23 markets work and how trading works?

24 MS. ZORNBERG: Object to form.

25 THE WITNESS: I think the idea is to



1 provide the necessary conditions for more  
2 frictionless trading.

3 BY MS. WAXMAN:

4 Q. And how do you do that?

5 A. Typically, you [REDACTED] between the  
6 [REDACTED].

7 Q. And how do you do that?

8 A. I'm sorry?

9 Q. How do you do that? How do you reduce the  
10 [REDACTED]?

11 A. You show [REDACTED].

12 Q. And were there any -- was there anything  
13 else that you did in order to provide liquidity  
14 under the market making agreement?

15 A. I'm not sure I understand the question.

16 Q. What was your understanding of -- why did  
17 you want to show [REDACTED]?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: Well, we were -- as I  
20 mentioned earlier, our KPIs are that we had to  
21 show -- you know, typically there's a maximum [REDACTED]  
22 and [REDACTED]. And so we had to show [REDACTED]  
23 [REDACTED] so we could meet those conditions.

24 BY MS. WAXMAN:

25 Q. Was one of the goals of the market making



1 agreement to increase liquidity for XRP on the  
2 Ledger?

3 A. I would guess so, yes.

4 Q. And was one of the goals of the market  
5 maker agreement to increase volume of XRP trading on  
6 the Ledger?

7 A. No. It doesn't work like that.

8 Q. And why wasn't it?

9 A. As a liquidity provider, one cannot  
10 guarantee volume. You can improve the market  
11 conditions by [REDACTED] so that  
12 other people can transact and perhaps that may lead  
13 to higher volumes, but as a liquidity provider, we  
14 can't guarantee volumes because we can't trade with  
15 ourselves.

16 Q. And when you say you wanted to improve --  
17 when you talk about improving market conditions,  
18 what market conditions are you talking about?

19 A. I was referring to the [REDACTED]

20 Q. And any other market conditions?

21 A. I'm -- another KPI we typically face is a  
22 [REDACTED]

23 Q. Was one of the goals of the market making  
24 agreement to increase the price of XRP on the  
25 Ledger?



1 A. No.

2 Q. Why wasn't it?

3 MS. ZORNBERG: Object to form.

4 MR. HANIN: Objection.

5 THE WITNESS: I'm not sure how there could  
6 be.

7 BY MS. WAXMAN:

8 Q. Did Ripple have an interest in increasing  
9 the price of XRP?

10 MS. ZORNBERG: Objection.

11 THE WITNESS: I have no idea.

12 BY MS. WAXMAN:

13 Q. The market making agreement that we were  
14 just talking about, this wasn't in connection with  
15 ODL, correct?

16 A. This first market making agreement, no.  
17 This --

18 Q. And the market making wasn't in connection  
19 with any liquidity that you would provide for any  
20 Ripple software product, correct?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I'm sorry, I don't  
23 understand the question.

24 BY MS. WAXMAN:

25 Q. The services that you provided in



1 connection with the market making agreement, that  
2 wasn't in connection with any Ripple software  
3 product, correct?

4 MS. ZORNBERG: Objection.

5 THE WITNESS: I don't understand what the  
6 Ripple software product would be. I --

7 BY MS. WAXMAN:

8 Q. Are you aware of any Ripple software  
9 product that needed liquidity from the -- from the  
10 Ledger, increased liquidity from the Ledger at that  
11 time?

12 MS. ZORNBERG: Objection. And object to  
13 as --

14 THE WITNESS: I honestly don't think I  
15 understand the question, but -- but -- I'm --  
16 I'm ...

17 BY MS. WAXMAN:

18 Q. I'll rephrase it.

19 Was the market making agreement related to  
20 any Ripple software product?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: Well, I mean, we were  
23 providing liquidity on the Ripple Consensus Ledger.  
24 Isn't the Ripple Consensus Ledger a Ripple software  
25 product?



1 BY MS. WAXMAN:

2 Q. What was your -- so other than providing  
3 liquidity on the Ledger, was the agreement related  
4 to providing liquidity to anything -- anything else?

5 MS. ZORNBERG: Objection.

6 THE WITNESS: To the best of my knowledge,  
7 I think it was -- we were providing liquidity on the  
8 Ledger.

9 BY MS. WAXMAN:

10 Q. And did Ripple want to make a market for  
11 XRP on the Ledger at the time?

12 MR. HANIN: Objection.

13 MS. ZORNBERG: Objection.

14 THE WITNESS: Did Ripple want to make a  
15 market for XRP? I believe the crosses that we were  
16 quoting per the contract had XRP.

17 BY MS. WAXMAN:

18 Q. So by -- does that mean that you wanted to  
19 make a market in XRP by supplying crosses in XRP?

20 MS. ZORNBERG: Objection.

21 MR. HANIN: Objection.

22 THE WITNESS: GSR was -- had a service  
23 agreement where we had to make markets on a number  
24 of crosses. Is that what you're referring to? And  
25 some of those crosses had XRP in them.



1 BY MS. WAXMAN:

2 Q. Okay. And the -- who was buying the  
3 XRP -- who was trading in the XRP on the Ledger at  
4 the time?

5 A. Who was on the other side of our trades?

6 Q. Correct.

7 A. I have no idea.

8 Q. Were they people who were looking to  
9 speculate in XRP?

10 MS. ZORNBERG: Objection.

11 THE WITNESS: I have no idea.

12 BY MS. WAXMAN:

13 Q. Is there any way -- would there have been  
14 any way to know who was on the other side of the  
15 trades?

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: No. I mean, the -- the  
18 Ledger is public, and all the transactions are  
19 transparent. But you just -- what you see on the  
20 other end is a wallet address, which is a big string  
21 of characters and numbers. It doesn't -- you don't  
22 know who's on the other side, I guess is my point.

23 BY MS. WAXMAN:

24 Q. Did you have any understanding as to  
25 whether people were buying XRP to use it for



1 goods -- to purchase goods and services at that  
2 time?

3 MS. ZORNBERG: Objection.

4 THE WITNESS: I don't recall.

5 BY MS. WAXMAN:

6 Q. The second service you spoke about was  
7 programmatic sales, correct?

8 A. Correct.

9 Q. And where did the programmatic sales  
10 occur?

11 A. Could you -- I don't -- could you be a bit  
12 more specific?

13 Q. Did you sell XRP programmatically on  
14 behalf of Ripple on the Ledger?

15 A. I think so, yes.

16 Q. And during what period?

17 A. I don't recall the dates, Daphna.

18 Q. Did you sell XRP programmatically on  
19 behalf of Ripple on the Ledger at the same time that  
20 you were making markets in XRP on the Ledger?

21 A. I don't recall.

22 Q. Did you sell XRP programmatically on  
23 behalf of Ripple on digital asset trading platforms?

24 A. Digital asset trading platforms are what  
25 we call crypto exchanges.



1 Q. That's my understanding. Is that your  
2 understanding?

3 A. Yes.

4 Q. Yes. So during what period of time did  
5 you sell XRP programmatically on behalf of Ripple  
6 on -- I'll use the word "exchanges," your word?

7 A. I don't remember the exact dates, but ...

8 Q. And is GSR currently selling XRP  
9 programmatically on behalf of Ripple on exchanges?

10 A. No.

11 Q. And when --

12 MS. ZORNBERG: Was there an audible  
13 response? Did the reporter get it.

14 THE WITNESS: No.

15 MS. ZORNBERG: Okay. Thank you.

16 BY MS. WAXMAN:

17 Q. And when did GSR stop selling XRP  
18 programmatically on behalf of Ripple on exchanges?

19 A. I don't remember the exact date, Daphna.

20 Q. Was it in 2019?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I -- I don't remember.

23 BY MS. WAXMAN:

24 Q. Why did GSR stop selling XRP  
25 programmatically on behalf of Ripple?



1           A.    Because we were asked to -- we weren't  
2 asked to -- to sell.

3           Q.    Did Ripple direct you to stop selling?

4           A.    Yes.

5           Q.    Okay. And in addition to the three  
6 categories that we spoke about earlier, did GSR ever  
7 purchase XRP on behalf of Ripple?

8           MR. HANIN: Objection to form.

9           THE WITNESS: When you -- yeah. When you  
10 say "purchase XRP," I mean, in the first activity  
11 when we were providing liquidity on the Ledger,  
12 we're buying and selling all day. Sometimes we're  
13 buying XRP, sometimes we're selling it. Is that --  
14 BY MS. WAXMAN:

15          Q.    So -- I understand. Outside of market  
16 making, buying and selling, separate from that, did  
17 GSR ever purchase XRP on behalf of Ripple?

18          A.    Yes, I believe we did.

19          Q.    Okay. And during what time period? Or  
20 periods?

21          A.    I -- I recall we -- there were a few  
22 instances where we purchased XRP during the XRP  
23 sales program.

24          Q.    During the period that you were selling  
25 XRP programmatically?



1 A. Yeah.

2 Q. Was there any period of time where you  
3 were purchasing XRP on behalf of Ripple?

4 A. Yes. I think during that time window,  
5 there were times when we purchased XRP.

6 Q. Did you ever purchase XRP in connection  
7 with any services related to ODL?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I don't know that it was in  
10 connection with ODL -- well, we purchased XRP on  
11 behalf of Ripple in the -- I can't remember when we  
12 did it, but it was in the last couple of years, or  
13 during the time period when we were servicing ODL.

14 BY MS. WAXMAN:

15 Q. Those sales that you just spoke about,  
16 were they executed [REDACTED]?

17 MS. ZORNBERG: You said "sales," do you  
18 mean purchases?

19 MS. WAXMAN: Yes. Thank you.

20 Q. Those purchases.

21 A. We -- I think so, yes. I mean, the vast  
22 majority of the trading that we do is programmatic  
23 in nature.

24 Q. So is it fair to call those programmatic  
25 buying?



1 A. I guess so.

2 Q. Going back to the programmatic sales, at a  
3 very high level, what did Ripple direct GSR to  
4 achieve from its programmatic sales?

5 MR. HANIN: Object to form.

6 THE WITNESS: I'm not sure what you're --  
7 what exactly is it you're getting at with that  
8 question?

9 BY MS. WAXMAN:

10 Q. What was the purpose -- strike that.

11 What was Ripple's goal from -- from the  
12 programmatic sales?

13 MS. ZORNBERG: Object.

14 MR. HANIN: Objection.

15 You can testify as to your understanding,  
16 but --

17 THE WITNESS: I mean, yeah.

18 MR. HANIN: If you have one.

19 THE WITNESS: We were tasked with selling  
20 XRP.

21 BY MS. WAXMAN:

22 Q. Ripple wanted to sell XRP for USD?

23 MR. HANIN: Objection.

24 THE WITNESS: I'm not sure that I would  
25 qualify it as USD, but we were -- we were selling



1 XRP.

2 BY MS. WAXMAN:

3 Q. Ripple wanted to sell XRP to generate  
4 proceeds for itself?

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I don't know if it was to  
7 generate proceeds or for whatever other reason they  
8 wanted to sell it.

9 BY MS. WAXMAN:

10 Q. And -- but they wanted to sell it for  
11 cash?

12 MS. ZORNBERG: Object to form. Asked  
13 answered.

14 THE WITNESS: Again, I don't know that it  
15 was just for cash.

16 BY MS. WAXMAN:

17 Q. Did you have -- did they ever tell you any  
18 other reason for wanting to sell XRP?

19 MS. ZORNBERG: Objection. He hasn't  
20 testified to a reason yet. And object to the term  
21 "they," and object to the term "view."

22 THE WITNESS: It's -- I don't recall  
23 having any conversation where Ripple told me why  
24 they were selling this XRP. You know, there are a  
25 number of reasons why they might have chosen to do



1 it.

2 BY MS. WAXMAN:

3 Q. What was your understanding of why they  
4 were selling the XRP?

5 MS. ZORNBERG: Objection. Asked and  
6 answered.

7 THE WITNESS: Why do I think Ripple was  
8 selling the XRP?

9 BY MS. WAXMAN:

10 Q. What was your understanding?

11 A. It could have --

12 MS. ZORNBERG: Objection. I don't know if  
13 you're asking him to speculate. He's already  
14 testified he doesn't have an understanding of  
15 Ripple's reasons. Can you clarify the question?

16 BY MS. WAXMAN:

17 Q. When Ripple approached you to engage in  
18 these -- these services, did you have an  
19 understanding of what they wanted you to do?

20 A. What -- what they wanted us to do is to  
21 sell the XRP. The end goal, whether it was to raise  
22 funds or to distribute XRP across the community, I  
23 have no way of knowing which one or any other  
24 reason.

25 Q. My question is I think a little bit



1     simpler. And Ripple wanted either fiat or other  
2     currency in exchange for the XRP, correct?

3             MR. HANIN: Objection.

4             MS. ZORNBERG: Objection. And objection  
5     to the commentary that your question is simpler.  
6     You tried to ask this question and have asked it at  
7     least ten times.

8             THE WITNESS: Yeah, I'm not sure what  
9     I'm -- if you look at the -- the contract, we  
10    received XRP and -- and we returned to them other  
11    units of value. I can't remember what they were.  
12    But I don't -- like I say, I don't know what the  
13    underlying reason was. I would just be speculating,  
14    like I said, and it could be because they wanted to  
15    distribute XRP across the community.

16            This was a new -- like many projects in  
17    crypto, everybody is looking for adoption and  
18    looking to -- to distribute and create a bigger  
19    community. And -- and so it could have also, you  
20    know -- that might have been the overarching reason.  
21    It may have changed over time. I don't know.

22            BY MS. WAXMAN:

23            Q. Did anyone at Ripple ever tell you that  
24    they wanted to distribute the XRP and create a  
25    bigger community?



1 A. I can't -- I mean, in general terms, yes.

2 I know that part of the reason why we sold XRP on  
3 multiple exchanges was for that reason.

4 Q. And why did Ripple want to do that?

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I think Ripple wanted to  
7 have a larger user base and to be known globally. I  
8 suspect. I mean ...

9 BY MS. WAXMAN:

10 Q. Did Ripple want to have a larger trading  
11 market for XRP?

12 MS. ZORNBERG: Objection.

13 THE WITNESS: What do you mean by "trading  
14 market"? Like --

15 BY MS. WAXMAN:

16 Q. Did Ripple want more people to buy and  
17 sell XRP on exchanges?

18 A. I don't know what Ripple wanted. I mean,  
19 I -- I -- I presume so. In the context of, you  
20 know, becoming more visible and gaining more  
21 adoption.

22 Q. Did Ripple want to extract as much value  
23 from its sales of XRP?

24 MS. ZORNBERG: Objection.

25 THE WITNESS: I have no way of knowing. I



1 mean, the question is a bit unclear to me.

2 BY MS. WAXMAN:

3 Q. Did Ripple want you to sell XRP for as  
4 high as a price as possible?

5 MR. HANIN: Objection.

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: I don't know. I -- how can  
8 I know?

9 BY MS. WAXMAN:

10 Q. Well, when you sold XRP on Ripple's  
11 behalf, were you trying to get a low price or were  
12 you trying to get as best a price as possible?

13 A. GSR --

14 MR. HANIN: Object to form.

15 THE WITNESS: GSR always tries to give our  
16 clients best execution. So we were trying to sell  
17 the XRP at the best possible price.

18 BY MS. WAXMAN:

19 Q. Did Ripple direct you to try to sell the  
20 XRP at the best possible price?

21 MS. ZORNBERG: Object to form.

22 THE WITNESS: I -- I don't know how to  
23 answer that question. How could -- how would -- I  
24 don't know that they explicitly -- I don't recall  
25 them explicitly telling me you have to get highest



1 possible price for us.

2 BY MS. WAXMAN:

3 Q. Did Ripple want you -- did Ripple want its  
4 sales not to exert a negative -- strike that.

5 Did Ripple want its sales not to have a  
6 negative impact on XRP price?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I -- I presume so, yes.

9 BY MS. WAXMAN:

10 Q. And did you ever discuss that with anyone  
11 at Ripple?

12 A. Discuss what? How the sales impacted  
13 price?

14 Q. Did you ever discuss with anyone at Ripple  
15 having their desire for their sales not to have a  
16 negative impact on price?

17 A. Yes, I probably did, yes.

18 Q. Okay. And when did you discuss that with  
19 Ripple?

20 A. During the course of the programmatic  
21 sales, but I don't remember any specific dates.

22 Q. But that was something that you discussed  
23 with Ripple?

24 MS. ZORNBERG: Objection.

25 THE WITNESS: The impact of selling on the



1 price of XRP?

2 BY MS. WAXMAN:

3 Q. Yes.

4 A. Yes.

5 Q. And did you discuss with people at Ripple  
6 their desire not to have their sales have it  
7 negatively impact the price of XRP?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: It's the same -- isn't that  
10 the same question as the previous one? I mean, yes,  
11 we discussed with Ripple that selling would likely  
12 impact the price of XRP.

13 BY MS. WAXMAN:

14 Q. And how -- and what did you discuss with  
15 them about the impact that the sales would have?

16 A. I don't understand.

17 MS. WAXMAN: Strike that.

18 Exhibit 20, please.

19 Sorry. Exhibit 3.

20 (Whereupon, Deposition Exhibit [REDACTED] 3  
21 was marked for identification.)

22 BY MS. WAXMAN:

23 Q. Mr. [REDACTED] I'm showing you what's been  
24 marked as [REDACTED]-3, which is a document with the Bates  
25 GSR\_11398 through -11405. It's an email plus an



1 attachment dated November 20th, 2015. You're  
2 copied on the email. And the name of the attachment  
3 is called "XRP Sales Optimization."

4 Just take a moment to look at it and let  
5 me know when you're done.

6 MR. HANIN: Do you have another copy?

7 MR. TENREIRO: I'm sorry, I ...

8 MR. HANIN: That's okay. We can share.

9 MR. TENREIRO: Here you go.

10 MR. HANIN: Oh, thank you.

11 BY MS. WAXMAN:

12 Q. Do you need more time?

13 A. I've read it.

14 Q. Okay. Do you recognize the attachment to  
15 the email?

16 A. Yes.

17 Q. Did you have any involvement in -- strike  
18 that.

19 What is the attachment?

20 A. The PDF attached to the email?

21 Q. Yes.

22 A. Is a discussion on -- it's a suggestion on  
23 how we might improve the net execution price of the  
24 XRP sales.

25 Q. And did -- did -- why did you -- did you



1 have any involvement in the preparation of the  
2 study?

3 A. Yes.

4 MR. HANIN: Objection just to the term  
5 "study," but you can answer.

6 BY MS. WAXMAN:

7 Q. And what was your involvement?

8 A. I don't recall the specifics. I don't  
9 recall the specifics.

10 Q. And was the study in connection with your  
11 execution of programmatic sales on behalf of Ripple?

12 MR. HANIN: Same objection.

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: I believe so, yes.

15 BY MS. WAXMAN:

16 Q. And what is your understanding of the term  
17 "XRP sales opt -- optimization"? What does that  
18 mean?

19 A. I think that we were suggesting to Ripple  
20 how we might improve the net execution price.

21 Q. And how did you -- how did you suggest to  
22 them how you would do that?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: Do you want me to describe  
25 what it says in the PDF?



1 BY MS. WAXMAN:

2 Q. In your own words, please. What  
3 recommendations did you make in order to improve the  
4 execution price for XRP?

5 A. At a high level, we tried to -- what the  
6 PDF discusses are some signals that we could take in  
7 that would allow our algorithms to sell XRP at times  
8 when the price was more advantageous.

9 Q. And why did you make that suggestion to  
10 Ripple?

11 A. We were providing an execution service,  
12 and we were trying to improve the service we were  
13 providing.

14 Q. Did Ripple tell you that they wanted to  
15 improve the net execution prices for XRP?

16 MS. ZORNBERG: Objection.

17 THE WITNESS: I don't recall.

18 BY MS. WAXMAN:

19 Q. Did you recommend that Ripple switch to a  
20 more dynamic formula for selling their XRP?

21 A. In page 3, it says in bold:

22 "We propose switching from a  
23 static formula to a dynamic formula  
24 that takes into account demand for  
25 XRP and new money into the Ripple



1 network."

2 So in that context, I guess I would say  
3 yes.

4 Q. And what does it mean to switch to a  
5 dynamic formula?

6 A. You mean what is the difference between  
7 static and dynamic?

8 Q. No. What would GSR do by switching to a  
9 dynamic formula?

10 A. Again, rather than use a static amount of  
11 supply introduction, we would use signals like new  
12 money coming into the Ripple network to determine  
13 when we thought it made more sense to add supply.

14 Q. And would that also mean that as XRP price  
15 was rising, you would sell more XRP?

16 A. Not necessarily.

17 Q. Why not?

18 A. What this is describing is calibrating the  
19 sales to new capital entering the network, not to  
20 any price action.

21 Q. So if there was new supply entering the  
22 network, would you increase the sales?

23 A. I think that was the general gist of this.

24 Q. And was Ripple -- did you also suggest  
25 ways to reduce any negative pressure on XRP price?



1 A. Do you mean in this document?

2 Q. Yes.

3 A. I'd have -- I'd have to read it much more  
4 carefully, but I don't think -- specifically, no.  
5 But at a high level, improving the execution price  
6 is not very different from trying to reduce the  
7 negative pressure on something that you're trying to  
8 sell.

9 Q. Were you suggesting ways to stabilize the  
10 XRP price if it was heading in a negative direction?

11 MR. HANIN: Again --

12 MS. ZORNBERG: Objection.

13 MR. HANIN: -- in the document or  
14 generally?

15 MS. WAXMAN: In the document.

16 MS. ZORNBERG: Objection in that the SEC  
17 can point the witness towards anything it's  
18 particularly asking about. And the witness has  
19 already indicated that he hasn't taken the time to  
20 review it in detail.

21 THE WITNESS: I don't see that in this  
22 document, Daphna.

23 BY MS. WAXMAN:

24 Q. Okay. If you go to page 6 of the  
25 document, under the subheading "Increase Liquidity."



1 A. Okay.

2 Q. Were you recommending that you just  
3 increase the buying and selling on the Ledger during  
4 the time period?

5 A. The last sentence reads:

6 "In the past, increased  
7 liquidity has resulted in increased  
8 market participation and the  
9 assumption of more risk by market  
10 players - resulting in more XRP  
11 buyers."

12 So it's a statement that -- it is what it  
13 is. We're saying that in the past, when we see more  
14 liquidity, there seems to be more trading volume.  
15 And -- and I'm saying it's possible that more  
16 trading volume attracts more market participants.

17 Q. Did you recommend that Ripple increase the  
18 trading volume on the Ledger through the market  
19 making?

20 A. I don't think Ripple --

21 MS. ZORNBERG: Objection.

22 THE WITNESS: -- could have any impact on  
23 the trading volume, per se. Right? Ripple wasn't  
24 trading.

25 / /



1 BY MS. WAXMAN:

2 Q. What conclusions did -- if you  
3 see -- strike that.

4 See at page 6, there's a paragraph --  
5 subheading called "Conclusions." Can you read that  
6 into the record, please?

7 A. "Given current levels of money  
8 entering the Ripple network, it is  
9 very difficult to continue selling  
10 XRP at the current pace without  
11 affecting the value of XRP. By  
12 switching from a static selling  
13 formula to the dynamic one  
14 proposed, and adopting the improved  
15 execution measures outlined, we  
16 believe Ripple Labs can expect at  
17 least a 4 percent better execution  
18 price. More importantly, we  
19 believe this new selling formula  
20 will have a less detrimental effect  
21 on XRP price so the net cumulative  
22 effect of the daily savings will be  
23 much larger."

24 Q. So did Ripple agree to move forward with  
25 the recommendations that you proposed?



1 A. I don't think so, no.

2 Q. And why don't you think so?

3 A. Why they didn't? I don't know.

4 Q. And which specific recommendation did they  
5 not want to move forward with?

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: I don't think we ever  
8 implemented this dynamic signal as a function of new  
9 money coming in.

10 BY MS. WAXMAN:

11 Q. Did you --

12 A. In fact, I know we didn't.

13 Q. Did you ever implement any other measures  
14 to get a better execution price for XRP?

15 A. I think so.

16 Q. And what measures?

17 A. I think, for example, on page 6, under  
18 "Improve Execution Price," it talks about adding  
19 other crosses. And if I remember correctly, over  
20 time we added more crosses, the same way we added  
21 more venues.

22 Q. Was there anything else you -- other  
23 measures that you implemented to improve net  
24 execution price for XRP?

25 A. At a high level, we -- we do a lot of



1 execution services, and the quanting that I was  
2 referring to earlier is constantly working on  
3 fine-tuning and improving our [REDACTED] so that we  
4 can provide best execution for all of our clients,  
5 not just Ripple. So at a high level, it doesn't  
6 stop. It's a continuous effort.

7 Q. With respect to Ripple, and at this time  
8 period, were there any other -- which is at the end  
9 of 2015, were there any other measures that you  
10 implemented in connection with improving net  
11 execution for XRP?

12 A. Similarly, back then we didn't have as big  
13 of a quant team, but we were always fine-tuning our  
14 [REDACTED]. So it is possible that we made changes  
15 to the [REDACTED] so that we could do a better job for our  
16 clients.

17 Q. And was there any specific change that you  
18 recall that was specific to Ripple?

19 MS. ZORNBERG: Object to form.

20 THE WITNESS: I don't recall. I'm sorry.

21 BY MS. WAXMAN:

22 Q. At the bottom of page 6, it says "Non-2t/s  
23 Related Measures."

24 Is this also a recommendation that you've  
25 made in connection with your -- in connection with



1 improving the net execution price of XRP?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: No.

4 BY MS. WAXMAN:

5 Q. Why do you say no?

6 A. Because these related measures don't  
7 relate to net execution price.

8 Q. Right. I understand that these measures  
9 were not something that you could incorporate as  
10 part of an [REDACTED], but my question is, did you  
11 also make this recommendation to improve net  
12 execution prices?

13 MS. ZORNBERG: Objection. Asked and  
14 answered.

15 THE WITNESS: No, it wasn't to improve net  
16 execution price.

17 BY MS. WAXMAN:

18 Q. What was the recommendation that you made  
19 under that subheading?

20 A. In point number 1, we suggest publicizing  
21 that Gatehub was operating a new gateway because  
22 [REDACTED] had ceased operations.

23 And in point number 2, we're talking about  
24 the -- the Ripple desktop client, which is what many  
25 people in the community use to access the consensus



1 Ledger.

2 Q. In point number 1, the second sentence  
3 says:

4 "In our view, the most  
5 important factor for improving XRP  
6 price is the available money in the  
7 RN."  
8 RN is Ripple network?

9 A. Correct.

10 Q. Then it says:  
11 "As such, any efforts to allow  
12 investors/traders to deposit funds  
13 in the RN should be pursued."

14 Are you talking about investors in XRP  
15 when you talk about available money in the Ripple  
16 network?

17 A. No. No. I appreciate it says investors  
18 and traders, but I think what -- it would have been  
19 more accurate to say market participants.

20 Q. And when you say "market participants," do  
21 you mean people who would buy and sell XRP?

22 A. Yes.

23 Q. And why did you think that would lead to a  
24 better net execution price for XRP?

25 A. I didn't say that it was going to lead to



1 a better net execution price. I said -- here  
2 it's -- the gist of this is different. The idea  
3 is -- I'm sure you're familiar that Ripple Consensus  
4 Ledger had gateways, and the gateways would allow  
5 market participants to enter and interact with the  
6 Ledger. So what we're saying here is the more  
7 gateways there are, the more people who can interact  
8 with the Ledger and use Ripple.

9 Q. You use the word "investors" and  
10 "traders." Are you saying that investors and  
11 traders mean gateways?

12 MS. ZORNBERG: Object to form. Misstates  
13 the witness's prior testimony. He said he  
14 participated in preparing this document. He didn't  
15 say he wrote it. You're using the word "you."

16 THE WITNESS: As I said, I think instead  
17 of investors and traders, it should have read  
18 "market participants." This is connected to what we  
19 discussed earlier about adoption. With a new  
20 technology, you need to make it available for people  
21 to use, and back in -- whenever this was, 2015, I  
22 believe, it wasn't easy to access Ripple. And  
23 all -- I think what this statement is getting at is  
24 that the more gateways there are, the more people  
25 who can actually use Ripple.



1 BY MS. WAXMAN:

2 Q. And are the more gateways and the more  
3 people who use Ripple, did you think that would lead  
4 to an improved XRP price?

5 A. In the context that as more users come in  
6 and want to use it, as they come in and they  
7 purchase XRP, the price will probably react  
8 favorably.

9 MS. ZORNBERG: If I may, just one point of  
10 clarification. The witness testified that the more  
11 people who use Ripple. Can we just clarify, did he  
12 mean --

13 MR. TENREIRO: You can ask him, Lisa. You  
14 can ask him. He's talking about what he  
15 understands.

16 MS. ZORNBERG: Okay.

17 MR. TENREIRO: I know you don't like it.  
18 You can ask him --

19 MS. ZORNBERG: It's nicer to clean it up  
20 here because if the term "Ripple" is used to  
21 describe Ripple Ledger, Ripple network, Ripple Labs  
22 the company --

23 MR. TENREIRO: Lisa --

24 MS. ZORNBERG: -- I think it's  
25 appropriate.



1 MR. TENREIRO: -- stop.

2 Go on.

3 MS. ZORNBERG: Okay. We can ask later.

4 I'm sorry you don't want a clear transcript.

5 MR. TENREIRO: It's clear. He sees it as  
6 one thing. That's -- it's pretty clear.

7 MS. ZORNBERG: Disagree.

8 MR. TENREIRO: Okay. Then ask him the  
9 questions.

10 MS. ZORNBERG: Will do.

11 BY MS. WAXMAN:

12 Q. How were Ripple's sales targets set?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: Who sets the targets?

15 BY MS. WAXMAN:

16 Q. Who set them?

17 A. Ripple sets the targets.

18 Q. And how were -- and how were they set?

19 A. I think over time, it hasn't -- you know,

20 I think -- if I remember correctly, in the

21 beginning, the first several weeks or months, we

22 might have -- I think there may have been dollar

23 targets. And then over time, it moved to be a

24 function of the real [REDACTED] of XRP.

25 Q. And were there dollar targets and



1 percentage targets, were those used at the same  
2 time?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: I don't think so. I don't  
5 recall it being that way.

6 BY MS. WAXMAN:

7 Q. And -- and how did Ripple determine what  
8 percentage to sell on a particular exchange?

9 MR. HANIN: Objection.

10 THE WITNESS: You mean on an absolute  
11 basis or one exchange relative to another exchange?

12 BY MS. WAXMAN:

13 Q. Let's start with one exchange relative to  
14 another exchange?

15 MS. ZORNBERG: Objection. Lack of  
16 foundation.

17 THE WITNESS: I think the sales were a  
18 function of the -- of the total trading volume. So  
19 if one exchange had twice as much total trading  
20 volume as another exchange, that exchange -- the  
21 first exchange would have twice as many sales.

22 BY MS. WAXMAN:

23 Q. Did they sell the same percentage of XRP  
24 on every exchange?

25 A. No.



1 MS. ZORNBERG: Object to form.

2 THE WITNESS: By definition, the amount of  
3 XRP that would be sold at any given exchange would  
4 be proportional to the total trading volume of XRP  
5 on that exchange relative to the rest.

6 BY MS. WAXMAN:

7 Q. Okay. Now, going back to something we  
8 spoke about earlier, did you ever make a  
9 recommendation to Ripple to reduce its sales as a  
10 percentage of total trading volume?

11 A. Yes.

12 Q. Okay. And why would you make that  
13 recommendation?

14 MS. ZORNBERG: Object to form.

15 THE WITNESS: Why would we have  
16 recommended Ripple reduce sales? I presume it would  
17 have been during a moment in time when the adverse  
18 market conditions. As I'm sure you're aware of,  
19 there's been a lot of volatility in crypto over the  
20 years, and times when the market is -- is, you know,  
21 very soft and everybody is looking to take risk off,  
22 it doesn't make sense to add supply.

23 BY MS. WAXMAN:

24 Q. Was the recommendation in order for  
25 Ripple's sales not to have an impact on XRP price?



1           A.    I'm not really -- that's -- that isn't  
2 exactly correct. You know, when you sell something  
3 or you add supply, chances are you are going to  
4 impact the price, right? The opposite is true when  
5 you're buying.

6           Q.    But my question is, why would you make  
7 that recommendation to Ripple to reduce its sales as  
8 a percentage of total trading volume?

9           MS. ZORNBERG: Object to form and asked  
10 and answered.

11           MS. WAXMAN: I don't think he answered the  
12 question.

13           MS. ZORNBERG: And object to "would."

14           THE WITNESS: I think there is a --  
15 liquidity in crypto has developed over the years.  
16 It's still -- compared to traditional finance,  
17 there's a lot less liquidity in crypto than there is  
18 in traditional finance. And particularly back in  
19 2015 and 2016, when you look at the notional value  
20 of Ripple's XRP holdings versus the available  
21 liquidity in the market, it just didn't seem like a  
22 sensible thing to do to continue selling. You know,  
23 when the market is very weak, it doesn't make sense  
24 to be hammering it and adding supply. It's not  
25 constructive.



1 BY MS. WAXMAN:

2 Q. So would the increased supply have a  
3 negative impact on the price?

4 A. Typically, when you add supply of  
5 anything, you know, this is economics 101, right?

6 Q. So that -- so -- and so you thought that  
7 by adding supply into the market, Ripple could  
8 negatively impact XRP price?

9 MS. ZORNBERG: Object to form.

10 THE WITNESS: I mean, yes.

11 BY MS. WAXMAN:

12 Q. And when you thought that, you recommended  
13 that Ripple reduce its sales as a percentage of  
14 total trading volume?

15 A. Yes.

16 Q. Did you ever recommend that Ripple pause  
17 its XRP sales?

18 A. Yes.

19 Q. And did you make that recommendation for  
20 the same reason that you made the recommendation to  
21 reduce the percentages?

22 A. In all likelihood.

23 Q. Did you ever recommend that Ripple  
24 increase the percentage of its sales?

25 A. I don't recall. It's possible.



1 Q. And why would you make that  
2 recommendation?

3 MR. HANIN: Objection.

4 THE WITNESS: If I made it, probably for  
5 the opposite reason. In a time when there is  
6 increased liquidity and good price action.

7 BY MS. WAXMAN:

8 Q. And would that allow Ripple to extract  
9 more dollars from their sales?

10 A. If they sell --

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: -- one unit of XRP at a  
13 higher price, by definition, it will result in  
14 higher dollars.

15 BY MS. WAXMAN:

16 Q. And if there was a higher trading volume  
17 and they increased the percentage, would that also  
18 allow them to sell more?

19 If the --

20 MS. ZORNBERG: Object to form.

21 THE WITNESS: Again, if the sales are a  
22 function of trading volumes and trading volumes are  
23 higher, then by definition more XRP will be sold, so  
24 more dollars will be received.

25 / /



1 BY MS. WAXMAN:

2 Q. And did you ever make this recommendation  
3 to Ripple?

4 MR. HANIN: Objection.

5 THE WITNESS: Which recommendation?

6 BY MS. WAXMAN:

7 Q. To increase the percentage of its sales.

8 A. As I said earlier, it's possible. I don't  
9 recall.

10 MS. WAXMAN: Exhibit 23, please.

11 (Whereupon, Deposition Exhibit [REDACTED] 23  
12 was marked for identification.)

13 MR. HANIN: Thank you.

14 BY MS. WAXMAN:

15 Q. Mr. [REDACTED], I'm showing you what's been  
16 marked as Exhibit [REDACTED] 23, which is a document with  
17 the Bates number GSR\_1999, and it's an email from  
18 you to employees at Ripple and [REDACTED] dated  
19 October 11th, 2016. It's an email chain.

20 Is this an example of a time where you  
21 recommended that Ripple increase the percent of its  
22 sales in connection with an increase in price in  
23 XRP?

24 A. I'm not sure. It says:

25 "Bot 2t was adjusted back to



1 [REDACTED] "

2 So perhaps --

3 Q. I want you to focus on the bottom email,  
4 the email at 1640.

5 A. Yeah.

6 Q. Can you read what you wrote, into the  
7 record, in that bottom email?

8 A. "Good morning all, XRP prices have  
9 increased significantly overnight. We believe it is  
10 due to erroneous CoinMarketCap reporting, likely  
11 aided by a glitch in Ripple charts. Since volumes  
12 remain strong, and there seems to be significant  
13 buying interest, we are increasing 2t's XRP  
14 introduction rate in order to extract more USD."

15 Q. So is this an example of a time where you  
16 recommended that Ripple increase the percent of its  
17 sales in relation to an increase in XRP price?

18 A. Well, the reason I was -- as you can see  
19 in the beginning of the email, when I say, "Bot t  
20 was -- 2t was adjusted back to [REDACTED]," it's  
21 possible that the baseline rate was [REDACTED], and we had  
22 dropped below that [REDACTED] because of adverse market  
23 conditions. And then on October 10th at 1640,  
24 market conditions are good again, so we bring it  
25 back up to the [REDACTED]. I don't know if



1 we were going above the baseline or just coming back  
2 to it.

3 Q. The -- my understanding is the bottom  
4 email occurred, the increase occurred before the top  
5 email. So the top email is from October 11th and  
6 the bottom email is on October 10.

7 So first there's an increase, and then  
8 going back.

9 MS. ZORNBERG: Objection.

10 THE WITNESS: I don't -- I can't -- I  
11 don't know. 6:30 p.m. Pacific is 3:30 a.m.

12 BY MS. WAXMAN:

13 Q. Regardless of whether -- regardless of the  
14 starting point, if you were going above baseline or  
15 just coming back into it, you were recommending an  
16 increase, correct?

17 A. Correct.

18 Q. Okay. And the increase was related to an  
19 increase in XRP price?

20 MS. ZORNBERG: Objection. Misstates the  
21 document.

22 THE WITNESS: It references volumes and  
23 prices.

24 BY MS. WAXMAN:

25 Q. So in your -- in your own words, after



1 reading this email, why did you make the  
2 recommendation to increase the percent?

3 MR. HANIN: Object. Same objection.

4 THE WITNESS: High level, as it says in  
5 the email, XRP prices have increased significantly  
6 overnight. Volumes remain strong. There seems to  
7 be significant buying interest.

8 All of these factors point to a recovery  
9 in market conditions.

10 BY MS. WAXMAN:

11 Q. And this would allow Ripple to extract  
12 more USD?

13 A. It would -- if we increase the sales of  
14 XRP and the price of XRP has gone up, by definition,  
15 the rate of dollars will go up too.

16 Q. And was that something that Ripple wanted  
17 to do?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: When you say "Ripple wanted  
20 to do," they wanted to -- can you be a bit more  
21 specific?

22 BY MS. WAXMAN:

23 Q. To extract more USD from its sales of XRP.

24 A. I'm not sure I would characterize it like  
25 that. This is more us trying to help get a better



1 execution price.

2 Q. So you were trying to extract more USD on  
3 behalf of Ripple?

4 A. We were trying -- yes. We were trying  
5 to -- exactly.

6 Q. And did Ripple tell you to do that?

7 A. I think I answered that question earlier.  
8 I don't recall them specifically asking me to do  
9 that, but it's my understanding that when I am the  
10 execution agent, I try to provide our client -- we  
11 try to provide our clients with the best possible  
12 execution.

13 Q. That's your function?

14 A. (Nods head.)

15 MR. HANIN: Objection.

16 BY MS. WAXMAN:

17 Q. Have you ever used the term "tactical  
18 selling"?

19 A. I believe so.

20 Q. And what does that mean?

21 A. Tactical refers to something that is done  
22 in, you know, discrete moments in time.

23 Q. And what is the purpose of -- of doing  
24 trading -- is it trading in discrete moments in  
25 time?



1           A.    It can refer to anything.  But yeah, I  
2   guess it refers to trading in discrete moments in  
3   time.

4           Q.    Okay.  And would you ever recommend that  
5   Ripple engage in tactical selling of XRP?

6           MS. ZORNBERG:  Object to form.

7           THE WITNESS:  Would I ever recommend or  
8   did I ever?

9   BY MS. WAXMAN:

10          Q.    Did you ever recommend that Ripple engage  
11   in any tactical selling of its XRP?

12          A.    I don't recall.

13          Q.    And if you did, what would you mean by  
14   that?

15          MS. ZORNBERG:  Objection to the  
16   speculative nature of the question.

17   BY MS. WAXMAN:

18          Q.    What is the purpose of tactical selling?

19          A.    In general, in a general context, somebody  
20   might engage in tactical selling because market  
21   conditions have changed, and there's an opportunity  
22   to take advantage of the change in the conditions.

23          Q.    So the opportunity would -- you would have  
24   an opportunity to extract a higher price from the  
25   sales?



1           A.   Potentially.  If you were doing a selling  
2   program, yes, that would -- that could be one of the  
3   goals.

4           Q.   Okay.

5           MS. WAXMAN:  Exhibit 20, please.

6           MR. HANIN:  Daphna, we've been going well  
7   over an hour and a half.  Whenever is a good time  
8   for a break.

9           MS. WAXMAN:  Let's take a break now.  
10   We're off the record.

11          THE VIDEOGRAPHER:  We're off the record at  
12   9:57 a.m.

13          (Whereupon, a recess was taken.)

14          THE VIDEOGRAPHER:  We're going back on the  
15   record at 10:11 a.m.

16   BY MS. WAXMAN:

17          Q.   Mr. [REDACTED], I want to circle back to a topic  
18   we were talking about, just briefly, the market  
19   making in the early period of 2013 and 2014.

20               With respect to the market making  
21   activities that GSR conducted at that time on the  
22   Ripple consensus network [sic], is it fair to say  
23   that on a very basic level, the service that GSR was  
24   providing was simply buying and selling XRP?

25          MS. ZORNBERG:  Object to form, and you



1 said "Ripple consensus network."

2 BY MS. WAXMAN:

3 Q. Ripple Consensus Ledger.

4 A. It wasn't just XRP, though. As I  
5 mentioned earlier, we traded multiple crosses and  
6 sometimes those crosses didn't have XRP.

7 BY MS. WAXMAN:

8 Q. Were you trading XRP -- those other  
9 crosses, in the same percent that you were trading  
10 XRP?

11 A. I don't recall. On a general -- at a high  
12 level, if we were trading, let's say, eight crosses,  
13 and the balance shifted too much from one side to  
14 the other, a way to rebalance our assets might have  
15 been by using another cross. So depending on the  
16 day, those ratios could move a lot.

17 Q. The trading in the other crosses, but were  
18 they all related to buying and selling XRP?

19 A. Not really, because if I remember  
20 correctly, you know, we were supposedly to provide  
21 liquidity on a number of crosses. I don't think --  
22 I'm not sure that they all had XRP in them, you know  
23 what I mean?

24 MS. WAXMAN: Okay. Exhibit 20, please.

25 / /



1 (Whereupon, Deposition Exhibit [REDACTED] 20  
2 was marked for identification.)

3 BY MS. WAXMAN:

4 Q. Mr. Gil, I'm showing you what's been  
5 marked as [REDACTED] 20, which is a document with the Bates  
6 GSR4553 through -555. It's an email string where  
7 you're copied on from September 20th, 2016 and  
8 September 21st, 2016.

9 Just take a moment to read the email and  
10 let me know when you're done.

11 At a very high level, was Ripple directing  
12 GSR to purchase XRP, in this email chain?

13 A. Yes.

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. Okay. And what was the purpose of having  
17 GSR purchase XRP?

18 MS. ZORNBERG: Objection to misstatement  
19 of the document.

20 THE WITNESS: I don't know. On page -- on  
21 the second page, [REDACTED] writes:

22 "The goal is not price impact  
23 but volume."

24 But I don't know what Ripple was thinking.  
25 I don't know if what [REDACTED] wrote corresponded to



1 what Ripple was thinking.

2 BY MS. WAXMAN:

3 Q. Okay. Outside of this document, separate  
4 and apart from the document, earlier you -- strike  
5 that.

6 Earlier you testified that during the --  
7 at the time that GSR was executing programmatic  
8 sales, you also purchased XRP on behalf of Ripple.

9 A. There were times when, yes.

10 Q. Okay. And at a very high level, what was  
11 the purpose of those -- of the buying?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: At a high level, why was  
14 Ripple instructing us to buy XRP? What was the  
15 underlying reason why they wanted to buy it back?

16 MS. WAXMAN: Correct.

17 MS. ZORNBERG: And what's the point in  
18 time?

19 MS. WAXMAN: We just established that this  
20 was during the period that GSR was engaging in  
21 programmatic sales.

22 THE WITNESS: It's -- yeah.

23 MS. ZORNBERG: Objection.

24 THE WITNESS: I can't say with any  
25 certainty why Ripple was choosing to buy back at the



1 given moment in time.

2 BY MS. WAXMAN:

3 Q. Did they tell you what the purpose of the  
4 buying was?

5 A. Not that I can recall. I mean, I can see  
6 what [REDACTED] wrote on that email, but ...

7 Q. Separate and apart from this email, did  
8 you have any understanding why Ripple was directing  
9 GSR to buy XRP?

10 MS. ZORNBERG: Objection. Do you want to  
11 fix a time?

12 MS. WAXMAN: We're talking about, and I've  
13 clarified twice already that we're talking about the  
14 period in which GSR was executing programmatic  
15 sales. That hasn't changed from two questions ago.  
16 That's the time period.

17 MS. ZORNBERG: Objection. I think you  
18 need to fix a time based on the witness's response.

19 BY MS. WAXMAN:

20 Q. Do you understand the question?

21 A. Yes, Daphna. And similarly to earlier  
22 when I described -- you asked me about why Ripple  
23 wanted to sell XRP and I said it could be for any  
24 number of reasons. The same thing applies here.  
25 They -- I have no way of knowing why Ripple would



1 want to buy more XRP. It could be because they have  
2 a view on -- it's a proprietary trade, right?  
3 They're buying something that they think is going to  
4 go up in value. It could be because they needed  
5 more XRP for some other function. I have no idea.

6 Q. Did Ripple ever tell you that the purpose  
7 of the buying was to stabilize XRP's price?

8 A. It's possible, yes.

9 Q. Did you have any conversations in which  
10 Ripple relayed that to you?

11 A. I'm trying to remember. At a high level,  
12 we were -- as I described earlier, there's this big  
13 disconnect, right, between the available liquidity  
14 in the market and the notional value of XRP  
15 outstanding. And -- and a big part of -- I think an  
16 important part of -- of the sales program was to do  
17 it in a constructive and measured manner so that it  
18 was something that was sustainable over time.

19 We tried to have fair and orderly markets.  
20 So, you know, it stands to reason that if -- if  
21 there are very adverse market conditions, we would  
22 slow down the selling. At the limit you could say  
23 that if the market was in free fall, perhaps it made  
24 sense to step in and be a buyer, 'cause you are, you  
25 know, a liquidity provider.



1 Q. And by buying, would you prevent the  
2 market from falling further?

3 A. That would depend on --

4 MS. ZORNBERG: Objection.

5 THE WITNESS: It would depend on how much  
6 capital you had to buy, obviously. You know, if --  
7 you can step in and bid X amount, but once you've  
8 been sold X amount, if there are more sellers, the  
9 price will continue going down.

10 BY MS. WAXMAN:

11 Q. Putting aside whether the buying actually  
12 would result in the desired effect, was it the -  
13 was the purpose to prevent the market from falling  
14 further?

15 A. It's --

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: Like I said, it's possible  
18 that that was the objective, but I can't know with  
19 any certainty that that's -- any given instant  
20 that's why they were doing it.

21 BY MS. WAXMAN:

22 Q. Did they ever tell you that's why they  
23 were doing it at any point in time?

24 MS. ZORNBERG: Objection.

25 THE WITNESS: I don't recall. It's



1 possible.

2 BY MS. WAXMAN:

3 Q. Did you ever recommend that Ripple  
4 purchase for that reason?

5 A. Probably, yes --

6 Q. Okay.

7 A. -- because it's --

8 Q. And did you ever recommend that Ripple  
9 purchase XRP in the market in order to increase the  
10 price of XRP?

11 MS. ZORNBERG: Objection.

12 THE WITNESS: To increase the price of  
13 XRP? That's possible.

14 BY MS. WAXMAN:

15 Q. Did Ripple ever direct you to purchase in  
16 order to increase the price of XRP?

17 A. I don't recall them -- not the way you  
18 phrased it, no.

19 Q. Do you recall it in any other phrasing?

20 MS. ZORNBERG: Objection. I think you  
21 have to ask the question.

22 MS. WAXMAN: I just did.

23 MS. ZORNBERG: Objection to form.

24 THE WITNESS: I don't recall Ripple asking  
25 me -- asking us to make the price of XRP go up, if



1 that's the question.

2 BY MS. WAXMAN:

3 Q. Okay. And do you recall any other -- what  
4 reasons did Ripple give you for them -- for wanting  
5 to buy XRP?

6 A. Like I said earlier, I don't think that  
7 they gave me any reasons. We were an execution  
8 agent. We were -- if Ripple said sell, we would  
9 sell. They didn't necessarily have to give us any  
10 reasons.

11 THE VIDEOGRAPHER: You're covering --

12 THE WITNESS: Oh, I'm sorry.

13 BY MS. WAXMAN:

14 Q. Did you ever recommend that Ripple  
15 purchase XRP in order to create an appearance of an  
16 active trading market?

17 MS. ZORNBERG: Object to form.

18 THE WITNESS: I don't think so. No. I  
19 mean, what do you mean when you say "an appearance"?

20 BY MS. WAXMAN:

21 Q. Did Ripple -- did Ripple ever instruct you  
22 to buy XRP in order to increase the number of trades  
23 in XRP?

24 MS. ZORNBERG: Object to form.

25 THE WITNESS: I don't think so. I don't



1 really understand the question, though. It's ...

2 BY MS. WAXMAN:

3 Q. Okay. That's fair.

4 Going back to the document on the last  
5 page, last email, are they recommending -- or are  
6 they talking about buying XRP after a Ripple  
7 announcement?

8 A. In point 2, it says:

9 "Current thinking is that we  
10 should use our full [REDACTED] in  
11 the first 24 hours post  
12 announcement on Thursday."

13 So I -- it is possible, yes.

14 Q. Okay. And other than this instance, did  
15 Ripple instruct GSR to purchase XRP following  
16 certain announcements?

17 A. I -- I don't recall, Daphna. It's  
18 possible.

19 Q. And did you have an understanding why they  
20 would want to purchase XRP following an  
21 announcement?

22 A. Do I know why specifically? No, I don't  
23 know why.

24 Q. And would this -- are they referring to a  
25 Ripple announcement?



1 MR. HANIN: Object to form.

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: I have no idea.

4 BY MS. WAXMAN:

5 Q. At the second -- at the top of the page,  
6 at the -- your next email, at the very -- at 12:14,  
7 at the very end of the email, you say:

8 "I would recommend increasing  
9 the buying size in order to improve  
10 the chances of having a lasting  
11 effect on XRP prices."

12 Is that why you made the recommendation?

13 A. What recommendation?

14 Q. Increasing the buying size.

15 A. So what is the question?

16 Q. Did you want to increase the buying size  
17 in order to have a lasting effect on XRP price?

18 MR. HANIN: Objection.

19 THE WITNESS: I think -- I'm guessing, and  
20 I -- again, it's speculation because I don't know  
21 what was happening on or around September 20th,  
22 2016. But this is -- what we discussed earlier, in  
23 a market that is -- I'm guessing that the market had  
24 been trading very softly. When somebody steps in to  
25 buy to provide support to the market, what they are



1 hoping is to stop this free fall, right? So to have  
2 a lasting effect ...

3 BY MS. WAXMAN:

4 Q. Okay. Going to [REDACTED]'s email in the  
5 middle of the page, she writes, at the very last  
6 sentence:

7 "Just to reiterate following  
8 our last call, the goal is not  
9 price impact but volume."

10 What did you understand that to mean?

11 A. I have no idea what I understood it to  
12 mean back then, but even now, it's not clear to me.  
13 She's saying "the goal is not price impact but  
14 volume." Volume of XRP trading, that particular  
15 cross on any given exchange? I have no idea.

16 Q. Did she want to increase the volume of XRP  
17 trading at the time?

18 MS. ZORNBERG: Objection. Asked and  
19 answered.

20 THE WITNESS: Again, I -- all I know is  
21 what she wrote here, and I'm not sure what she means  
22 when she says "volume," because it could refer to  
23 any number of different things.

24 BY MS. WAXMAN:

25 Q. And what could it refer to?



1           A.    It could be the volume of XRP trading  
2    against a particular cross, on a specific exchange,  
3    in general.

4           Q.    Could it mean all of those things?

5           A.    And many more.  I mean, it's completely  
6    undefined.

7           Q.    Well, other than the two things you  
8    mentioned, could it mean anything else?

9           MR. HANIN:  Objection.

10          THE WITNESS:  I mean, I guess I don't  
11   understand the question.

12          MS. WAXMAN:  Okay.  Exhibit 22, please.

13          (Whereupon, Deposition Exhibit [REDACTED] 22  
14   was marked for identification.)

15          THE WITNESS:  Thank you.

16   BY MS. WAXMAN:

17          Q.    Mr. [REDACTED], I'm showing you what's been  
18   marked as Exhibit [REDACTED] 22 which has the Bates GSR\_9169  
19   through -9175.  I'm only going to ask you about the  
20   very top email on the first page, but feel free to  
21   take a look at the entire document.

22                At the very bottom of the email -- first  
23   of all, what is this email about?

24          A.    Well, the first sentence -- well, the  
25   subject says "Rebate Program," but I mean I haven't



1 read the whole thing. The first sentence says: "We  
2 thought the bug that allowed unfunded offers to be  
3 posted had been fixed months ago."

4 I'd have to read the whole email to  
5 remember what that bug was.

6 Q. Were you expressing a concern about XRP  
7 price in the email?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: In the second paragraph, I  
10 say:

11 "I am very concerned that the  
12 price of XRP will continue to fall  
13 tomorrow."

14 That kind of implies the price of XRP was  
15 on a downward trajectory.

16 BY MS. WAXMAN:

17 Q. Were you concerned that accumulative  
18 selling by Bots 2, 4 and 6 would further depress the  
19 price?

20 A. Yes, in the next sentence I say that.

21 "Cumulative effect of Bots 2,  
22 4 and 6 are probably took much for  
23 the market to handle right now."

24 Q. And was Bot 2 related to Ripple's sales?

25 A. Correct.



1 Q. And was Bot 4 related to sales by someone  
2 else?

3 A. Correct.

4 Q. And whose sales?

5 A. I believe Bot 4 is Chris Larsen.

6 Q. And what about Bot 6, whose sales were  
7 related to that?

8 A. I believe that's Rippleworks.

9 Q. And did you meet -- as a result of these  
10 concerns, did you make a recommendation to Ripple?

11 A. I mean --

12 MS. ZORNBERG: Objection to form. Are you  
13 asking him to interpret the email or if he has an  
14 independent recollection, asking him to read the  
15 email?

16 BY MS. WAXMAN:

17 Q. In the email, do you make a  
18 recommendation?

19 A. The email says:

20 "As I said to [REDACTED]  
21 yesterday, I think the potential  
22 damage from selling now outweighs a  
23 positive effect of purchasing the  
24 400K tranche in a few weeks."

25 So I guess I am implying that maybe it



1 doesn't -- that we should -- the sales should be  
2 reduced. It's not very explicit.

3 Q. Or the sales should be paused?

4 A. Actually, in the next paragraph, it says:

5 "As such, we would recommend  
6 delaying the XRP sales."

7 Q. And then at the very bottom, the last  
8 sentence says:

9 "It's important that we  
10 establish higher trading prices  
11 after all this positive news."

12 A. Mh-hmm.

13 Q. What did you mean by that?

14 A. I think -- I don't mean we in the context  
15 of GSR or Ripple or any -- I just mean like the  
16 broader "we." We see higher prices.

17 Q. Well, it says we established. When you're  
18 talking about "we" -- who are you talking about  
19 establishing higher prices?

20 A. That's what I'm saying. I'm not saying  
21 that we or Ripple or any of us have the ability to  
22 establish higher prices. I think what we're  
23 referring to is we, the market as a whole, get to  
24 see higher prices.

25 Q. Are you recommending the buying in order



1 to establish higher prices?

2 A. No, I don't think so.

3 Q. Well --

4 A. I think what was -- what should be written  
5 there, instead of "we establish" is that "we  
6 observe."

7 Q. Okay. And why should that have been  
8 written instead of "we established"?

9 A. Because this can lead to  
10 misinterpretation. I wouldn't want anybody to think  
11 that we, ourselves, were going to establish some  
12 kind of a price.

13 Q. Why would you care to observe higher  
14 trading prices?

15 A. A lot of the market chatter analysis in  
16 crypto is technical analysis, right, where people  
17 look at different levels. And this .006, that's  
18 sixth-tenths of a penny, for XRP I think was an  
19 important technical level. You know, support,  
20 resistance, those types of things.

21 Q. So --

22 A. I get -- what I was trying to say in this  
23 last sentence is, we want to have a constructive  
24 market for XRP. That .006 level is an important  
25 support level. So I think it's good for all -- you



1 know, it would be good for us to observe that XRP  
2 holds that support level.

3 Q. And important for whom?

4 A. Like the market ecosystem. You know, to  
5 illustrate this, in crypto, market participants tend  
6 to have very short attention spans, and they're very  
7 quick to call a digital asset a failed project if  
8 the price action isn't what they expected it to be.  
9 So that's why -- that's all I'm saying.

10 Q. And market participants, would that also  
11 include people who are buying and selling XRP?

12 A. Yeah. Of course.

13 Q. Are speculators in XRP's price part of the  
14 market -- part of whom you would include within the  
15 group of market participants?

16 MR. HANIN: Objection.

17 THE WITNESS: Yes. Like any market for  
18 anything.

19 BY MS. WAXMAN:

20 Q. Were you specifically talking about XRP  
21 speculators when you were talking about --

22 A. No.

23 Q. -- when you were referencing people in  
24 this email?

25 A. No, not at all.



1 MS. WAXMAN: Exhibit 27, please.

2 (Whereupon, Deposition Exhibit [REDACTED] 27  
3 was marked for identification.)

4 BY MS. WAXMAN:

5 Q. Mr. [REDACTED], we're showing you what's been  
6 marked as [REDACTED] 27, which is a document GSR\_356 through  
7 357. It's an email chain from mid October 2016 that  
8 includes you.

9 Are you done?

10 A. Yes.

11 Q. Going back to the prior email just for one  
12 moment, Exhibit 22, the concern that you were  
13 talking about in the prior email, was that related  
14 to any support in connection with xRapid?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: I'm sorry?

17 BY MS. WAXMAN:

18 Q. The concern that you were talking about in  
19 Exhibit 22, did that have anything to do with GSR's  
20 support of any Ripple products such as xRapid?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't think so, because  
23 this is from October 2016, and xRapid -- we didn't  
24 start servicing xRapid until a couple years later, I  
25 think.



1 BY MS. WAXMAN:

2 Q. Okay. Now, we can go back to Exhibit 27.

3 Going back to Exhibit 27 and to [REDACTED]  
4 email at the very back page, is this an example of  
5 Ripple directing -- telling GSR that they'd like to  
6 increase their XRP sales following an announcement?

7 A. There's some typos, but I think [REDACTED] is  
8 saying -- on the second to last sentence, it says:

9 "We don't want to depress the  
10 rally but rather capitalize on the  
11 additional volume."

12 (Reporter clarification.)

13 THE WITNESS: So I guess to answer your  
14 question, it sounds like that, yes, they are trying  
15 to take advantage of the fact that there are higher  
16 volumes.

17 BY MS. WAXMAN:

18 Q. And were they doing that because they  
19 thought they could extract more money from sales at  
20 that time?

21 A. I presume so, because in the next  
22 sentence, it says: "As before, if you see the  
23 change" -- but I think she meant chance -- "to take  
24 the money -- more money off the table, please do  
25 so."



1 Q. Did you understand what she meant by being  
2 opportunistic?

3 A. I have no idea what I thought of when I  
4 read this four -- five years ago.

5 Q. Did GSR increase its sales following the  
6 announcement based on Ripple's direction?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I presume we did. Just from  
9 reading the reply in the email. I don't --  
10 obviously, I don't remember what we did five years  
11 ago.

12 MS. WAXMAN: Exhibit 29, please.

13 Q. Mr. [REDACTED], I'm showing you what's been  
14 marked as [REDACTED]-29, which is an email with the Bates  
15 GSR\_4966 through -4970.

16 (Whereupon, Deposition Exhibit [REDACTED]-29  
17 was marked for identification.)

18 MS. WAXMAN: Please take a look at it and  
19 let me know when you're done.

20 THE WITNESS: Should I read the whole  
21 thing?

22 BY MS. WAXMAN:

23 Q. Yes.

24 Going back to the prior email, just for  
25 one second, Exhibit 27, we were just talking about



1 the announcement.

2 Did you understand that based on the  
3 instruction from Ripple, was the -- did they  
4 understand that it would be a positive announcement  
5 for Ripple?

6 MS. ZORNBERG: Objection to form.

7 THE WITNESS: I would guess so, yeah.

8 BY MS. WAXMAN:

9 Q. Okay. Now --

10 A. It wouldn't make sense to increase sales  
11 if the announcement was negative.

12 Q. Okay. Now, going back to Exhibit 29, do  
13 you know what the exhibit is about?

14 A. I'm not certain. I -- I -- I'm guessing  
15 the clue is when Patrick writes at 1454 on the 1st  
16 of November:

17 "I'm only seeing positive  
18 sentiment on the news: General  
19 feeling seems to be that Ripple is  
20 doing well for Chris to take this  
21 move."

22 I'm guessing it was that Chris Larsen  
23 announced that he was going to become chairman.

24 Q. So was Ripple talking about the market's  
25 reaction to that announcement that Mr. Larsen was



1 stepping down as CEO?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: I suspect that that's what  
4 this whole thread is about, yes.

5 BY MS. WAXMAN:

6 Q. And did -- did Ripple direct --  
7 did -- strike that.

8 Did Ripple -- was Ripple concerned that  
9 that news would have a negative impact on the  
10 market?

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: I don't recall, but from  
13 reading this thread, it would seem that way.

14 BY MS. WAXMAN:

15 Q. And did Ripple direct GSR to buy XRP  
16 should the announcement cause a decline in your XRP  
17 price?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: I mean, you can see Patrick  
20 wrote at 1529:

21 "Please aim to protect the  
22 [REDACTED] floor. Continue to operate  
23 within [REDACTED] increments. Do not  
24 purchase if the price is above the  
25 target floor [REDACTED]"



1           So it sounds like they were willing to buy  
2       back or buy XRP at eight-tenths of a cent.

3       BY MS. WAXMAN:

4           Q.    Is he talking about buying back to  
5       maintain a certain price floor?

6           MR. HANIN:  Objection.

7           You understand the question.  To the  
8       extent --

9           THE WITNESS:  I mean, he writes here, .008  
10      floor.  It's written.

11      BY MS. WAXMAN:

12           Q.    Okay.  Did Ripple ever direct GSR at any  
13      other time to purchase in order to maintain a  
14      certain price floor for XRP?

15           A.    I don't recall.  It's possible.

16           Q.    And you say "it's possible."  Why do you  
17      say that?

18           A.    Over the years, I mean, we discussed  
19      earlier there's been periods of enormous volatility.  
20      This was probably not the only time when, you know,  
21      XRP prices dropped very quickly or in general,  
22      market conditions were not favorable.

23           Q.    So I know specifically you don't recall  
24      this email, but generally, do you recall other  
25      instances in which Ripple directed GSR to purchase



1 XRP in the market when the price of XRP was  
2 declining?

3 A. I don't recall the specific instances. I  
4 do know that -- I think I remember that we purchased  
5 more than once, so by definition, there must have  
6 been other instances.

7 Q. And those purchases were at the time that  
8 the price was declining?

9 A. That's what would make sense. The time  
10 when -- the price would decline very rapidly over a  
11 short period of time, something like that.

12 Q. And the purchase -- purpose of the  
13 purchases was to stabilize the price?

14 A. Presumably, yes.

15 Q. And another purchase -- purpose of the  
16 purposes [sic] were to be to maintain a floor for  
17 XRP, certain floor?

18 MS. ZORNBERG: Objection.

19 THE WITNESS: It's entirely possible but,  
20 I mean, I can't confirm it.

21 MS. WAXMAN: Generally speaking.

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: Sometimes -- in this  
24 instance, it seems like there was a floor. It's  
25 written here in the comment. Other instances



1 perhaps there wasn't a floor, there wasn't a  
2 technical level, maybe it was they had oversold and  
3 they were looking to buy back. I -- you know, there  
4 could be other reasons is I guess what I'm trying to  
5 say.

6 MS. WAXMAN: Exhibit 13, please.

7 (Whereupon, Deposition Exhibit [REDACTED] 13  
8 was marked for identification.)

9 BY MS. WAXMAN:

10 Q. Mr. [REDACTED], I'm showing you what's been  
11 marked as [REDACTED]-13, which is a document with the Bates  
12 RPLI\_SEC 50808 through -50814.

13 A. Uh-huh. Should I read the whole thing?

14 Q. I'm really -- yeah, why don't you quickly  
15 read the whole thing, if you don't mind.

16 A. It's a long one.

17 Q. Okay. Who is [REDACTED]?

18 A. [REDACTED] is a childhood friend of mine who  
19 I -- we started GSR together.

20 Q. Okay. Was he recommending certain  
21 adjustments to the amount of XRP that Ripple would  
22 sell in order to stabilize XRP price?

23 MS. ZORNBERG: Object to form.

24 BY MS. WAXMAN:

25 Q. I'm talking about the email -- the very



1 last email?

2 A. "I would" -- [REDACTED] says:

3 "I would recommend staying at  
4 2 percent or increasing maximum to  
5 two-and-a-half percent if we want  
6 to keep stability in the price."

7 I think he was stepping in because I was  
8 traveling or something. I saw earlier.

9 Q. I should have asked you this earlier, were  
10 you Ripple's main contact at GSR?

11 A. Yes.

12 Q. And later in the email, did you -- at 6:11  
13 on July 15th, did you recommend increasing the  
14 amount of Ripple sales due to -- in connection with  
15 an increase in XRP prices?

16 MS. ZORNBERG: Objection. Misstates the  
17 email.

18 THE WITNESS: No, I don't see that. The  
19 first two paragraphs just talk about what we're  
20 seeing in the market. The last paragraph states:

21 "We will continue to monitor  
22 throughout the weekend. Should  
23 prices spike higher, we will  
24 increase the percentage for Bot 2t  
25 accordingly. Hopefully, volumes



1 will increase too - that would help  
2 us get back on the dollar -- you  
3 know, 110K per week track."

4 BY MS. WAXMAN:

5 Q. Why would you increase the percentage  
6 should the prices spike higher?

7 A. Well, it sounds like we were below our --  
8 well, in general terms, why would we increase the  
9 percentage if price spiked higher? To achieve a  
10 better net execution price.

11 Q. And to extract more from the sales?

12 A. By definition, we would extract more from  
13 the sales by a higher execution price. And it  
14 sounds, from this email, that we were below the 110K  
15 per week goal. And so I guess we were saying if  
16 prices pick up, we can take advantage of that so we  
17 can get back to the target.

18 Q. And that was a target that Ripple had set?

19 A. I presume so.

20 Q. Going to the very first page of the email,  
21 is there a discussion about buying XRP in the  
22 market?

23 MS. ZORNBERG: Objection to form.

24 (Reporter clarification.)

25 MS. ZORNBERG: Would you like to direct



1 the witness to something you're referring to?

2 BY MS. WAXMAN:

3 Q. Going back to -- strike that.

4 Going back to page 2, in the middle of the  
5 page there's an email from Patrick Griffin. And he  
6 says:

7 "We should lift the bid."

8 Do you know what he's talking about there?

9 A. You don't lift bids. You hit bids and you  
10 lift offers. So his syntax is wrong. I think what  
11 he was trying to say is we should hit the bid.

12 Q. And what did he mean by that?

13 MR. HANIN: Objection. [REDACTED] responded  
14 that what he said doesn't make any sense, so I don't  
15 think he can predict what he meant by his erroneous  
16 email.

17 BY MS. WAXMAN:

18 Q. What does hit the bid mean?

19 A. When you bid to buy, you offer to sell.  
20 So when somebody is bidding and you hit them, you're  
21 selling to them.

22 Q. Okay. Going to the very first page at the  
23 top, the third email from the top, [REDACTED] says:

24 "Has there been a lot of  
25 chatter and do you think this



1 points to Ripple buying."

2 Do you know what --

3 MS. ZORNBERG: Sorry. Can you point out  
4 where you are?

5 MS. WAXMAN: I'm at the very top of the  
6 page.

7 MS. ZORNBERG: I don't --

8 MR. HANIN: I think you mean the second  
9 sentence of the -- it's a confusing page because  
10 there are a number of --

11 MS. WAXMAN: Yeah. The email that starts  
12 at 2055, at 8:55.

13 THE WITNESS: "We are okay with the credit  
14 risk but want to think more about the resting order.  
15 Has there been a lot of chatter and do you think  
16 this points to Ripple buying?"

17 I suspect she's referring to the bids that  
18 she talks about in the email at 4:22 on July 21.  
19 And I think -- I have no way of knowing this, but I  
20 think what she's getting at is she's saying do you  
21 think people in the market think Ripple is the one  
22 bidding for this XRP? That's the only explanation I  
23 can ...

24 BY MS. WAXMAN:

25 Q. Did Ripple want people to know that they



1 were bidding on XRP in the market?

2 MR. HANIN: Objection.

3 THE WITNESS: I have -- I have no idea.

4 BY MS. WAXMAN:

5 Q. Did Ripple ever tell you that they wanted  
6 to disguise their -- their selling?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I don't recall. It's --  
9 it's possible.

10 BY MS. WAXMAN:

11 Q. Was the [REDACTED] programmed in a way that  
12 would disguise Ripple's trading activities?

13 MS. ZORNBERG: Objection and object to the  
14 word "disguise."

15 THE WITNESS: No. The [REDACTED] was --  
16 the [REDACTED] just cares about finding best  
17 execution, finding the best possible price.

18 BY MS. WAXMAN:

19 Q. Was Ripple making a market in XRP at the  
20 same time that it was selling XRP programmatically?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't think Ripple was  
23 ever making a market in XRP. Do you mean were we  
24 making markets in XRP at the same time as we were  
25 selling XRP?



1 BY MS. WAXMAN:

2 Q. Yes. Thank you.

3 A. I think the answer to that is yes, because  
4 of -- yes.

5 Q. And why would you be doing both those  
6 things at the same time?

7 A. I would argue they're mutually exclusive.  
8 They're different services. We started providing  
9 liquidity, and as the ecosystem grew, that activity  
10 lasted for at least three years, I believe, the  
11 market making. And the XRP sales I think started  
12 before the first activity ended. So there was a  
13 period of time when there was an overlap.

14 Q. Was there a reason --

15 A. They're not -- they're not at odds with  
16 each other.

17 Q. Would there be a reason to engage in both  
18 at the same time?

19 MR. HANIN: Objection. Speculative.

20 THE WITNESS: Potentially, yes, I can't --  
21 I mean, I don't see why not.

22 BY MS. WAXMAN:

23 Q. Did the market making activity facilitate  
24 the sales activity in any way?

25 MS. ZORNBERG: Object to form.



1 THE WITNESS: I don't see the direct link.  
2 I mean, the market making activity facilitated the  
3 development of the ecosystem, right, and there was  
4 more XRP trading interest globally. And the XRP  
5 sales program sold XRP globally.

6 So yes, they're connected, but I don't see  
7 the -- is the right term "causality"?

8 MS. WAXMAN: Exhibit 24, please.

9 (Whereupon, Deposition Exhibit [REDACTED]-24  
10 was marked for identification.)

11 BY MS. WAXMAN:

12 Q. Mr. [REDACTED], I'm showing you what's been  
13 marked as [REDACTED]-24, which is a document with the Bates  
14 GSR\_17355 through -17357. It's an email chain from  
15 October 13th and 14th, 2016.

16 Please just take a moment to look at it  
17 and let me know when you're done.

18 A. Okay.

19 Q. At the very top email, you talk about --  
20 are you talking about how the [REDACTED] is coded,  
21 how 2t is coded?

22 A. You mean the second sentence?

23 Q. Just in general, but I'm talking about the  
24 top email.

25 A. Mh-hmm.



1 Q. Does this email refresh your memory as to  
2 whether you were selling XRP and making markets in  
3 XRP on behalf of Ripple at the same time?

4 A. Yes.

5 Q. And why would you want to do that?

6 MR. HANIN: Objection.

7 THE WITNESS: Well, if -- the idea here is  
8 the same as earlier about getting the best possible  
9 execution price. If -- if we had been sending sell  
10 orders every three seconds to the -- for example, to  
11 the Consensus Ledger, other market participants  
12 would observe that and it wouldn't take long before  
13 those people incorporated those signals into their  
14 trading strategies and they try to take advantage of  
15 what they've identified as a selling program.

16 So what we did was we had -- our [REDACTED]

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED] And so you

23 protect yourself from people -- you know, they call  
24 this front running, right? You don't want people to  
25 front run you.



1 In addition, when you're [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED] So the  
5 net execution price you offer to your customer is  
6 better.

7 Q. So the purpose of disguising the sales  
8 would be to get a better net execution price?

9 MR. HANIN: Objection.

10 MS. ZORNBERG: Objection.

11 MR. HANIN: It's the opposite of what he  
12 said.

13 BY MS. WAXMAN:

14 Q. Answer the question, please.

15 MS. ZORNBERG: Objection.

16 BY MS. WAXMAN:

17 Q. If you understand the question.

18 MS. ZORNBERG: Objection. You're  
19 misstating the witness's prior testimony.

20 THE WITNESS: Sorry, could you rephrase  
21 the question again?

22 BY MS. WAXMAN:

23 Q. I'll ask a different question.

24 So what would be the purpose of disguising  
25 Ripple's sales?



1 A. Well, as I said earlier --

2 MR. HANIN: Asked and answered.

3 Go ahead.

4 THE WITNESS: -- I'm trying to avoid being  
5 front run by other market participants. I -- you  
6 know, I don't want to -- we don't want to put up a  
7 big banner saying this is what we're doing.

8 BY MS. WAXMAN:

9 Q. Did this -- did you sell and make a market  
10 in XRP -- did you continue to do this on exchanges  
11 as well?

12 MS. ZORNBERG: Objection.

13 THE WITNESS: Did we deploy the same type  
14 of [REDACTED] on exchanges? I believe so.

15 BY MS. WAXMAN:

16 Q. So it wasn't just limited to the trading  
17 that you were doing on the Ledger?

18 A. Correct.

19 Q. So you would also try to disguise -- and  
20 I'm using your word here from the email -- disguise  
21 the sales on exchanges?

22 MS. ZORNBERG: Objection.

23 THE WITNESS: Well, on exchanges, it would  
24 be for the purpose of improving -- [REDACTED]  
25 [REDACTED] would improve the



1 net execution price for our client.

2 MS. WAXMAN: Exhibit 25, please.

3 (Whereupon, Deposition Exhibit [REDACTED]-25

4 was marked for identification.)

5 BY MS. WAXMAN:

6 Q. Showing you what's been marked as [REDACTED]-25,  
7 which is a document with the Bates GSR\_1968. It's  
8 an email to you from the generic email -- the inbox  
9 [REDACTED]io dated October 14th, 2016.

10 Do you know who sent this email?

11 A. No.

12 Q. Could you have sent it to yourself?

13 A. I doubt it.

14 Q. And --

15 A. But it's possible.

16 Q. And the last paragraph, can you read that  
17 into the record?

18 A. "Please note we sometimes [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]



1 affecting the price considerably  
2 more."

3 Q. Is this another reason why you employ  
4 market making at the same time that you sold XRP  
5 programmatically?

6 MS. ZORNBERG: Objection.

7 THE WITNESS: Judging from the poor -- not  
8 that I'm the world's best writer, but from the way  
9 this is written, I suspect that this was [REDACTED]. And  
10 what he's alluding to might have occurred -- what I  
11 think he's alluding to might have occurred during a  
12 small window of time. But in reality, I believe  
13 that our -- our share of the total trading volume of  
14 XRP has always been rather small.

15 I mean, over time, it has -- it has  
16 decreased. But the -- you know, when -- when XRP  
17 trading volumes took off as XRP started getting  
18 listed on cryptocurrency exchanges worldwide, if you  
19 look at the charts, you can see that the increase is  
20 just absolutely staggering. I don't think we -- he  
21 says here:

22 "The percentage introduced  
23 would have to be increased by two  
24 to five times."

25 That sounds like an exaggeration to me.



1 BY MS. WAXMAN:

2 Q. Is that an exaggeration for the later  
3 periods of time or do you think it's an exaggeration  
4 in October 2016?

5 A. For sure at later periods of time. But I  
6 think even back in October 2016. It seems like a  
7 bit of an exaggeration to me.

8 Q. Okay. But did you think that -- would the  
9 sales have more of an impact on price if GSR wasn't  
10 making a market in XRP at the time that it was  
11 selling?

12 MS. ZORNBERG: Objection. Do you want to  
13 fix a time?

14 THE WITNESS: I don't think I could make  
15 that connection, no.

16 (Reporter clarification.)

17 MS. ZORNBERG: Objection. Do you want to  
18 fix a time?

19 But then the witness answered. Thank you.

20 BY MS. WAXMAN:

21 Q. What is the basis for your understanding  
22 that XRP trading volumes took off after listing --  
23 listings on exchanges?

24 A. I think I was just saying that, you know,  
25 as crypto -- cryptocurrency exchanges popped up



1 worldwide and they decided to list XRP as another  
2 asset that you could trade, the overall trading  
3 volume of XRP exploded. More people were able to  
4 transact with XRP. That's all.

5 Q. Did Ripple play a role in the increased  
6 availability of -- increased availability of XRP on  
7 exchanges?

8 MS. ZORNBERG: Objection.

9 THE WITNESS: I don't know. I don't know.

10 MS. WAXMAN: Exhibit 15, please.

11 (Whereupon, Deposition Exhibit ■-15  
12 was marked for identification.)

13 BY MS. WAXMAN:

14 Q. Mr. ■, I'm going to show you what's been  
15 marked as ■-15, which is a document with the Bates  
16 RPLI\_SEC 0057021 through -7023.

17 If you go back to the bottom of page 2,  
18 the email from ■ references a recommendation  
19 from you with respect to purchasing XRP over a  
20 longer period of time.

21 Do you see that?

22 A. Mh-hmm.

23 Q. Why did you -- did you make this  
24 recommendation?

25 A. I mean, I don't recall making it but I



1 infer that from the -- what she's writing there.

2 Q. And why would you make that  
3 recommendation?

4 A. Why would I recommend that they buy XRP?

5 Q. And why did you recommend that they buy  
6 XRP consistently over a longer period of time?

7 A. I'm speculating, because this is five  
8 years ago. But I'm guessing that, you know, the  
9 price of XRP was probably in a slump, or had  
10 decreased dramatically, and so, okay, well, we've  
11 been selling, we're liquidity providers and we want  
12 to maintain a fair, orderly market, maybe now that  
13 we're down at these lower levels, we should be -- we  
14 should be buying.

15 Q. Would you ever make a recommendation you  
16 didn't believe was in your client's best interest?

17 MS. ZORNBERG: Objection.

18 THE WITNESS: I really hope not.

19 BY MS. WAXMAN:

20 Q. And how was the recommendation received by  
21 Ripple, this recommendation to consistently buy XRP  
22 over a longer period of time?

23 MS. ZORNBERG: Objection. Based on what  
24 the document is saying, or are you asking if he has  
25 an independent recollection?



1 BY MS. WAXMAN:

2 Q. Previously I think you said you didn't  
3 have an independent recollection.

4 A. I don't have a recollection. It seems,  
5 from this exchange, that -- that they didn't take  
6 the recommendation, right?

7 Q. Do you know whether you instituted a  
8 buying program?

9 A. I'm sorry?

10 MR. HANIN: Objection to --

11 BY MS. WAXMAN:

12 Q. Do you know whether you instituted a  
13 buying program over a longer period of time on  
14 behalf of Ripple?

15 MS. ZORNBERG: Objection.

16 MR. HANIN: At what period of time? For  
17 what period of time?

18 THE WITNESS: Just generally?

19 BY MS. WAXMAN:

20 Q. Well, following this recommendation.

21 A. I don't recall, Daphna.

22 Q. If you go to the first page of the email,  
23 the email from Patrick at 9:34, he says:

24 "We saw the price was bid up  
25 pretty aggressively. Fantastic."



1 Did you understand that one of Ripple's  
2 goals was to increase the price of XRP?

3 A. No. I wouldn't say that. But I'm not  
4 surprised to hear that people at Ripple were happy  
5 to see the price go up.

6 Q. And why were you not surprised?

7 A. Because they have, you know, large sums of  
8 XRP in their treasury.

9 Q. And how much XRP did Ripple have at the  
10 time?

11 A. I don't know. I don't recall. I mean,  
12 I -- I think it's public information. I mean ...

13 Q. And how much -- about how much XRP does  
14 Ripple have?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: I'm not sure. I don't know.

17 BY MS. WAXMAN:

18 Q. One second.

19 You said -- do you know who Miguel Vias  
20 is?

21 A. Yes.

22 Q. Okay. And who is Miguel Vias?

23 A. Miguel Vias was -- I forget the exact  
24 title, but he was the head of markets for Ripple  
25 during several years, I believe.



1 Q. Okay. And he started in late 2016?

2 A. I don't remember the dates, but -- but  
3 sounds about right.

4 Q. Did Ripple continue to direct GSR to buy  
5 XRP in the market during the time that Miguel was  
6 part of Ripple's XRP markets team?

7 MS. ZORNBERG: Objection to form.

8 THE WITNESS: I don't remember. I don't  
9 know. I don't recall. It's possible, but I don't  
10 know.

11 BY MS. WAXMAN:

12 Q. Who decided which -- on which exchanges to  
13 sell XRP?

14 A. I think, if I remember correctly, we would  
15 propose which exchanges we thought were -- what's  
16 the right word here? Appropriate. But, of course,  
17 the final decision was Ripple's.

18 Q. And did the number of exchanges that  
19 Ripple sold XRP on grow over time?

20 A. By definition, yes, because it started at  
21 zero or one. But it -- you know, it changed over  
22 time.

23 Q. In 2017, approximately how many platforms  
24 did GSR sell XRP on behalf of Ripple?

25 A. I -- I don't recall, but I'm sure that



1 even between January and December of 2017, that  
2 number probably changed quite a bit because I  
3 believe 2017 was when this whole thing was the first  
4 kind of big explosion in activity.

5 Q. Did Ripple want to increase the number of  
6 platforms that it sold XRP on?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I -- I mean, generally, I  
9 guess so, yes.

10 BY MS. WAXMAN:

11 Q. Is it fair to say that the more platforms  
12 it sold XRP on, the more XRP it could sell?

13 A. Not really.

14 Q. Why not?

15 A. Because I think that by 2017, the -- the  
16 amount of XRP that was being sold was a function of  
17 the true trading volume that we observed in the  
18 market. Now, that true trading volume resulted in  
19 an XRP target sale for any given day. You could  
20 sell all of that XRP on one exchange if you wanted  
21 to. You didn't have to split it up across all the  
22 other different venues.

23 But having said that, the fact that the  
24 sales target was a function of the total reported  
25 trading volume means that if there are more



1 exchanges, and they're legitimate exchanges, and  
2 they get factored into calculating the total trading  
3 volume, by definition, it will result in a larger  
4 amount of XRP being sold.

5 Q. Would you ever recommend that Ripple sell  
6 all its XRP on one exchange?

7 A. No.

8 MS. ZORNBERG: Object to form.

9 BY MS. WAXMAN:

10 Q. Why not?

11 A. Most crypto exchanges, to this day,  
12 exhibit all sorts of risks, technical, credit risks,  
13 et cetera. So it would be very risky to put  
14 everything on any one given exchange.

15 Another reason why you might want to sell  
16 across other exchanges is, you know, there might not  
17 be sufficient liquidity within any one given  
18 exchange if there's a large volume that you're  
19 trying to sell.

20 Q. And if there wasn't sufficient liquidity  
21 that would impact the price?

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: If you try to sell a large  
24 amount of XRP on one exchange that have insufficient  
25 liquidity, the price of XRP on that exchange would



1 suffer as a result, yes, in all likelihood.

2 BY MS. WAXMAN:

3 Q. Did you have any understanding of what  
4 factors Ripple considered or what Ripple considered  
5 when deciding which exchanges to sell XRP on?

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: No. I know the factors that  
8 we considered important, but I don't know -- I  
9 wasn't part of the internal conversations at Ripple.

10 BY MS. WAXMAN:

11 Q. Did you ever provide feedback to Ripple on  
12 which exchanges to sell XRP on?

13 A. Yes.

14 Q. And were there any platforms that you told  
15 Ripple not to sell XRP on?

16 A. In all likelihood, yes.

17 Q. And why would you recommend not to trade  
18 on a particular platform?

19 A. So it was important for us to -- the sales  
20 program was something that was a long-term program,  
21 right. We're trying to maintain fair and orderly  
22 markets during this time. We're trying to introduce  
23 a supply that is appropriate, proportional to the  
24 trading volume and interest in the market at the  
25 time.



1           In 2017, a lot of the exchanges that all  
2   of a sudden popped up grossly inflated the trading  
3   volumes that they reported because they -- I suspect  
4   it's because it was a way for them to attract retail  
5   users. And so we felt it wasn't -- it didn't make  
6   any sense to use those inflated volumes into  
7   calculating -- into our assessment of what the real  
8   trading volume was of XRP.

9           Does that make sense?

10          Q. Did you recommend that Ripple not sell on  
11   certain exchanges that had fake volume?

12          A. Probably did, yes.

13          Q. Did you take any other actions --

14          A. And it's not just because they have fake  
15   volumes. In these exchanges, their standards are  
16   pretty low. So, you know, we would operate on  
17   exchanges and sometimes you would receive fills  
18   three days later. You know, like I said, crypto is  
19   still in its teething phase.

20          Q. What was the concern specifically related  
21   to -- what was the concern related to fake volume?  
22   Why wouldn't you want Ripple to sell on an exchange  
23   that had fake XRP value?

24          A. Well, there's two things. One is if you  
25   use the fake volumes to determine total trading



1 volume, then you're going to introduce more XRP than  
2 the market can really take because you're not using  
3 real data. It's fake, by definition.

4 So we felt it was important that we should  
5 leave those out of our calculation of total trading  
6 volume.

7 Now, specifically to the exchange, if it's  
8 an exchange that is reporting fake volumes, why do  
9 you trust anything that that exchange is doing. We  
10 could deposit the XRP and they could do, like, what  
11 was it, Quadriga, the founder went to India and  
12 disappeared? It's happened before. So ...

13 Q. What did you mean by inserting more XRP  
14 than the market could take?

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: It was our view that the  
17 amount of XRP that was -- the appropriate amount of  
18 XRP that could be sold on any given day was a  
19 function of the total trading volume of XRP. So if  
20 we want to figure out what the correct, true,  
21 appropriate number is, we need to be referencing  
22 what we think the correct, true total trading volume  
23 is.

24 Otherwise, you know, some new exchange  
25 pops up and says they trade ten times as much as all



1 the other exchanges put together. If we factor that  
2 into our formula, we're now going to be selling ten  
3 times as much XRP. And, in fact, nothing has  
4 changed. This is just noise.

5 BY MS. WAXMAN:

6 Q. Were you concerned that the selling would  
7 have an impact on price?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I mean, yes. I'm tasked  
10 with doing a long-term execution program. And  
11 I'm -- yes, I'm trying to achieve the best result  
12 for my client.

13 BY MS. WAXMAN:

14 Q. And when you say the "best result," you're  
15 talking about most amount of proceeds?

16 A. That's one way to measure it, yeah.

17 MS. WAXMAN: Exhibit 41.

18 (Whereupon, Deposition Exhibit ■■■ 41  
19 was marked for identification.)

20 BY MS. WAXMAN:

21 Q. Mr. ■■■, I'm showing you what's been  
22 marked as GSR\_3236 through 3238. It's an email  
23 chain from January 2019, and you're copied there.

24 A. Mh-hmm.

25 Q. At the very first page, you reference



1 certain exchanges. Was it your understanding that  
2 those exchanges had fake volume?

3 A. Yes.

4 Q. And --

5 A. Mostly fake, as I say.

6 Q. And did Ripple request that GSR onboard  
7 with these exchanges?

8 A. I don't recall, but from reading my  
9 message, they're asking us to integrate with more  
10 exchanges. It seems like they were asking us to  
11 have a look, yeah.

12 Q. Okay. And did you tell Ripple that you  
13 believed that these exchanges potentially have fake  
14 volume?

15 A. I don't recall doing so, but I probably  
16 did.

17 Q. Okay. And did you recommend that Ripple  
18 not sell on those exchanges?

19 A. Again, I don't recall, but I probably did.

20 Q. And did they -- how did they receive that  
21 recommendation?

22 A. I don't think we ever sold on any of  
23 these. Perhaps small amount on Bittrue, but I don't  
24 think we ever integrated on any of those other  
25 exchanges.



1 MS. WAXMAN: Exhibit 42, please.

2 (Whereupon, Deposition Exhibit [REDACTED] 42  
3 was marked for identification.)

4 BY MS. WAXMAN:

5 Q. You can leave out 41. Showing you what's  
6 been -- you can take -- you can leave out  
7 Exhibit 41. I'm going to reference it.

8 A. Oh, okay.

9 Q. I'm showing you what's been marked as  
10 [REDACTED] 42, which is a document with the Bates RPLI\_SEC  
11 1029362 through -364, which is an email chain from  
12 March 2019. It appears to provide the list of  
13 exchanges that Ripple sold XRP on in 2018 and 2019.

14 Do you see that?

15 A. Yeah.

16 Q. Okay. Using Exhibit 42, did Ripple sell  
17 XRP on any of the exchanges you identified in  
18 Exhibit 41 that had potentially fake volume?

19 A. Yes. And I stand corrected. I will --  
20 it's important to note the relative percentages.

21 Q. What is important to note about the  
22 relative percentages?

23 A. Well, when you look at Exhibit 41, if you  
24 look at the second page and you look at how --

25 Q. You mean Exhibit 42?



1 A. No. 41.

2 Q. 41. Okay.

3 A. The second page, you look at those crosses  
4 and the distribution of volumes, the reason why all  
5 those percentages are different is probably because,  
6 in a sense, they're building in their assessment of  
7 how much of what happens at Bithumb they think is  
8 real. Am I -- are you following me?

9 For example, they -- we're selling  
10 .275 percent of XRP against Korean won at Bithumb,  
11 and yet we're doing double that for XRP versus BNB  
12 on Binance.

13 Now, the reason why one is twice as large  
14 as the other, I suspect, is because I felt like the  
15 Binance volumes were more true, more believable,  
16 than the ones at Bithumb. So following that logic,  
17 when you look at the distribution of sales, you'll  
18 notice that Bitlish is a very, very small number.

19 Q. So --

20 A. Bitlish being one of the exchanges that we  
21 didn't really trust.

22 Q. So two things. Did you sell less XRP on  
23 certain exchanges that had potentially fake volume?

24 A. I think what ended up happening is that we  
25 targeted less -- if we had just used the recorded



1 volumes from those less trustworthy exchanges, we  
2 would have sold much more XRP there than we actually  
3 did.

4 Q. So you calibrated the sales on certain  
5 exchanges to account for the fake volume?

6 A. I would guess so.

7 MS. WAXMAN: Exhibit 65, please.

8 (Whereupon, Deposition Exhibit [REDACTED]-65  
9 was marked for identification.)

10 BY MS. WAXMAN:

11 Q. Mr. [REDACTED], I'm showing you what's been  
12 marked Exhibit [REDACTED]-65, which is a document with the  
13 Bates RPLI\_SEC 0303609. It appears to be a Slack  
14 message dated May 1st, 2019. You are among  
15 recipients in the "to" line. The sender is  
16 [REDACTED].io.

17 What is an [REDACTED].io?

18 A. Head of trading.

19 Q. And just stepping back, did you use Slack  
20 to communicate with anyone at GSR?

21 A. Yes.

22 Q. Okay. And during what period of time did  
23 you use Slack to communicate?

24 A. I -- I -- I don't recall. When we -- when  
25 I personally started using Slack. I know I was one



1 of the latest guys at GSR and people weren't very  
2 happy with me.

3 Q. When did anyone at GSR begin to use Slack  
4 to communicate with people at Ripple?

5 A. Oh, with people at Ripple? I -- we -- I  
6 don't know that we used Slack to communicate with  
7 people at Ripple very much at all.

8 Q. Is this --

9 A. It was not the normal -- perhaps there  
10 were some Slack groups, but it's not the normal form  
11 of communicating with Ripple. If there was  
12 communications between Ripple and GSR using Slack,  
13 it was probably, most of the time, the tech teams  
14 coordinating or talking about integrations or stuff  
15 like that. Not so much from Biz Dev.

16 Q. And how did you -- what was the primary  
17 way you communicated with Ripple, people at Ripple?

18 A. Email. Phone calls.

19 Q. And going to the email, did you receive  
20 this -- were you on this Slack message?

21 A. I -- I presume so. I remember seeing  
22 this -- this breakdown of exchanges.

23 Q. And why did GSR provide this breakdown of  
24 information to Ripple?

25 A. This shows how we viewed the



1       trustworthiness, I guess is the best term, of crypto  
2       exchanges as of May 2019.

3           Q.   And -- and what -- how did you -- what  
4       were Tier 3 exchanges?

5           A.   The less trustworthy.

6           Q.   And Ripple sold XRP on these exchanges, in  
7       the Tier 3 exchanges?

8           A.   It seems like from Exhibit 42, in March,  
9       so a few months prior to this message, it seems like  
10      we did sell some XRP on Bitlish, ZBG, and Bitmax,  
11      oh, and Bitforex.

12          Q.   How was GSR compensated for executing  
13      programmatic -- I'm finished with that document.

14                   How was GSR compensated for executing  
15      Ripple's programmatic sales?

16          A.   We -- we are -- we keep a [REDACTED]  
17      [REDACTED].

18          Q.   Did you keep a small -- did you get that  
19      in XRP?

20          A.   No. I don't think so.

21          Q.   Did you ever receive units of XRP as  
22      compensation from Ripple?

23                   MS. ZORNBERG: Object to form.

24                   MR. HANIN: Objection as to time and  
25      program --



1 BY MS. WAXMAN:

2 Q. In connection with programmatic sales?

3 A. I don't recall. I don't think so, but I  
4 don't recall.

5 Q. Okay. Did GSR execute sales on -- sales  
6 of XRP on behalf of certain -- current or former  
7 Ripple employees?

8 A. Yes.

9 Q. Which ones?

10 A. Chris Larsen, Brad Garlinghouse. I --  
11 there was a senior engineer with a -- sound  
12 terrible. I forgot his name. I think he had a  
13 Greek name.

14 Q. [REDACTED]?

15 A. That's it. [REDACTED].

16 Patrick Griffin. And we -- I think we did  
17 a small program for the ex-CFO, Ron Wills. That's  
18 all I can remember right now.

19 Q. Did GSR also sell for certain -- strike  
20 that.

21 So when you -- when you sold for those  
22 individuals, was the overall strategy -- sales  
23 strategy the same as the strategy for -- that you  
24 put in place for Ripple?

25 A. Generally, yes.



1 Q. Were there any deviations?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: Yes.

4 BY MS. WAXMAN:

5 Q. What were they?

6 A. When we started the XRP sales program back  
7 in -- you probably know the exact date, in 2015  
8 or '16, I can't remember when exactly it was, we  
9 were using the tech stack that we developed starting  
10 in 2013. That tech stack was limited in what it  
11 allowed us to do.

12 And so when we -- when we performed the  
13 programmatic sales program, we didn't segregate all  
14 of the different accounts. We would sell on behalf  
15 of Ripple and Mr. Larsen, for example, and the XRP  
16 would -- would be in one pot, it would be  
17 distributed to the exchanges where we were selling  
18 it. The proceeds would come back to us, and then we  
19 would distribute the proceeds proportionately to  
20 however much Ripple and Mr. Larsen was intending to  
21 sell. So the net execution price that they each  
22 received was identical. We didn't favor anybody.  
23 It was always the same.

24 In summer of 2017, in Q3 of 2017, we hired  
25 a new CTO who started developing a new tech stack



1 which was much more powerful and allowed us to  
2 segregate accounts. And as a result, the net  
3 execution price was no longer exactly the same for  
4 everybody, for obvious reasons.

5 Q. You could adjust -- you could address --  
6 adjust the code for certain individuals?

7 A. If we wanted to, we could have used  
8 different execution [REDACTED] for the different  
9 individual accounts. Now, as I mentioned earlier,  
10 the execution [REDACTED] is something that is not  
11 just for Ripple. We do this on behalf of other  
12 clients with other digital assets. And so I guess  
13 we provide all of our clients with our best and most  
14 up-to-date [REDACTED] at any given moment in time.

15 Q. So going back to the earlier time period,  
16 pre Q3 2017, where everybody had this identical net  
17 execution price.

18 A. Yeah.

19 Q. I want to make sure I understand.

20 So all of the XRP from Ripple and all of  
21 the individuals was commingled in one account?

22 A. Yes.

23 Q. And all the proceeds from the sales of all  
24 of that XRP was in one account?

25 A. Yes.



1 Q. And you distributed the pro -- and how did  
2 you know how much to distribute from the -- to each  
3 individual?

4 A. So the different clients had different  
5 sales targets that were all different percentages of  
6 the [REDACTED]. So, say, for example,  
7 Ripple was targeting 1 percent, and Mr. Larsen was  
8 targeting 1 percent, then they're both 50/50, and we  
9 would split the proceeds 50/50. If it was 1 percent  
10 and .1 percent, Ripple would get ten-elevenths,  
11 Mr. Larsen would get one-eleventh of the proceeds.

12 Q. And how did -- where did the payouts come  
13 from?

14 A. The payouts, if I remember correctly, came  
15 from Bitstamp using RCL. So we issued Bitstamp IOUs  
16 on the Ripple Consensus Ledger.

17 Q. You would wire -- you would wire proceeds  
18 to Bitstamp -- to Bitstamp?

19 A. No. It's not -- it's not a wire. The --  
20 Bitstamp would issue an IOU on the Ripple Consensus  
21 Ledger for X amount of dollars, which Ripple or  
22 Mr. Larsen or whoever could redeem using Bitstamp.

23 Q. Okay. Beginning in Q3 2017, where you  
24 could -- going back to that -- the IOUs on Bitstamp,  
25 during what time period did that happen?



1           A.   Honestly, I don't recall most of it. In  
2 fact, for Ripple, I think that's how we did all the  
3 payouts.

4           Q.   At some point, did you start sending  
5 proceeds to [REDACTED]?

6           A.   To [REDACTED], for Ripple?

7           Q.   For either Ripple or any of the  
8 individuals.

9           A.   I don't think we ever did it for Ripple,  
10 no.

11          Q.   Did you send -- at some point did you  
12 start sending proceeds for the individuals to -- to  
13 a bank account?

14          A.   It's possible, yes.

15          Q.   And which individuals?

16          A.   Honestly, I don't recall, Daphna.

17          Q.   And then going back to Q3 2017 where you  
18 had a new tech stack, did that allow you to adjust  
19 trading strategies on an individualized basis?

20          A.   To be clear, we hired the new CTO in  
21 September of 2017. It took him about six months for  
22 us to be able to start transitioning to the new tech  
23 stack. So we probably only really started using the  
24 new tech stack in Q1 of 2018.

25               But to answer your question, yes, with the



1 new tech stack, we could run independent [REDACTED] for  
2 the different accounts.

3 Q. And when you say "independent [REDACTED]" you  
4 mean a different [REDACTED] than you were running for  
5 Ripple?

6 A. We could have if we wanted to. We could  
7 have used a different execution [REDACTED].

8 Q. And did you use a different execution  
9 [REDACTED] for any of the individuals we just spoke  
10 about?

11 A. I -- I don't think so. I don't think so.  
12 I can't imagine why we would have.

13 Q. Okay. Did GSR also sell for certain  
14 charities that had a relationship with Ripple?

15 A. Yeah.

16 MS. ZORNBERG: Object to form.

17 BY MS. WAXMAN:

18 Q. And which charities?

19 A. Rippleworks and [REDACTED]  
20 [REDACTED]

21 Q. And when you sold the XRP for these  
22 charities, was the overall strategy -- sales  
23 strategy the same as the strategy you had for  
24 Ripple?

25 A. From my point of view, I'm always trying



1 to give our clients best execution, so yes, we were  
2 trying to give everybody best execution, which is  
3 why everybody used the same most up-to-date  
4 execution [REDACTED].

5 Q. And would you also recommend at times that  
6 they pause their XRP sales if the market price was  
7 declining?

8 A. Probably, yeah.

9 Q. And would you also recommend that they  
10 reduce their sales if -- if the market price of XRP  
11 was declining?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: I -- I probably did tell  
14 them, yes, look, I think we're in a -- in a slow  
15 period in the market. Price is very low. It  
16 doesn't make a lot of sense to be selling at these  
17 levels. Probably, yeah.

18 BY MS. WAXMAN:

19 Q. Did you give these same recommendations to  
20 Mr. Larsen?

21 MR. HANIN: Objection as to which  
22 recommendations, but ...

23 THE WITNESS: You mean my views on market  
24 prices? Probably, yes.

25 / /



1 BY MS. WAXMAN:

2 Q. Did you try to -- did you -- did you view  
3 your role as trying to obtain best execution for  
4 Mr. Larsen?

5 A. I think that was one of the main things we  
6 were hired for, yes.

7 Q. Did you view your role from -- from  
8 Mr. Garlinghouse was to obtain best execution for  
9 Mr. Garlinghouse's XRP sales?

10 A. Yes.

11 Q. And did you recommend -- did you make  
12 recommendations to Mr. Garlinghouse that he pause  
13 sales when the price of XRP was going down?

14 A. I don't recall making those  
15 recommendations to Mr. Garlinghouse.

16 Q. Did you make any recommendations to  
17 Mr. Garlinghouse regarding his XRP sales?

18 A. I don't -- it's possible. I don't recall.

19 Q. With respect to Mr. Larsen, did you ever  
20 recommend that he increase his sales of XRP at  
21 certain points in time?

22 A. Probably.

23 Q. And would you have -- did you make that  
24 recommendation for the same reason that you made the  
25 recommendation to Ripple?



1 MS. DEARBORN: Object to form. Vague as  
2 to time.

3 THE WITNESS: I mean, to the point where  
4 if the price is depressed, I tell our clients, I  
5 don't think it makes sense to be selling down here.  
6 The flip side of that argument is the market has  
7 spiked higher, there's good liquidity and the price  
8 is two times where it was yesterday. Probably makes  
9 sense to take advantage of better market conditions.

10 BY MS. WAXMAN:

11 Q. Did Mr. Larsen direct you to increase  
12 sales based on those recommendations?

13 MS. DEARBORN: Object to form.

14 THE WITNESS: I wouldn't know whether it  
15 was my recommendation or some other reason why he  
16 may or may not have done something. It's impossible  
17 for me to know.

18 BY MS. WAXMAN:

19 Q. Did he direct you to increase sales at  
20 certain times?

21 MS. DEARBORN: Object to form.

22 THE WITNESS: I don't recall. It's  
23 possible.

24 BY MS. WAXMAN:

25 Q. Did Mr. Larsen want to extract as much USD



1 as possible from his XRP sales?

2 MS. DEARBORN: Object to form.

3 THE WITNESS: I have no way of knowing  
4 that.

5 BY MS. WAXMAN:

6 Q. Did Mr. Garlinghouse want to extract as  
7 much USD as possible from his XRP sales?

8 MR. LEVANDER: Object to form.

9 THE WITNESS: Same thing. I have no way  
10 of knowing that.

11 BY MS. WAXMAN:

12 Q. But you understood your role to be to get  
13 best execution for Mr. Larsen's XRP sales, correct?

14 A. Mh-hmm.

15 Q. And you had the same understanding as to  
16 your role for Mr. Garlinghouse's XRP sales?

17 A. If I'm being tasked with a liquidation  
18 program, I'm going to give my clients the best  
19 possible execution.

20 (Reporter clarification.)

21 BY MS. WAXMAN:

22 Q. Did you have any understanding who was  
23 buying the XRP that you sold on either -- on behalf  
24 of either Ripple, Mr. Larsen or Mr. Garlinghouse?

25 A. No.



1 Q. Did Ripple care who was buying the XRP --

2 MS. DEARBORN: Objection.

3 MR. HANIN: Objection.

4 BY MS. WAXMAN:

5 Q. -- that you sold on their behalf?

6 A. I have no way of knowing that.

7 Q. Did Ripple ever ask you not to sell to  
8 certain persons?

9 A. Not that I can recall, but I'm confused by  
10 the questioning, because, as we discussed earlier,  
11 we don't know who we're facing off with.

12 Q. Would there be any way to figure it out?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: For us, no. Not that I know  
15 of.

16 BY MS. WAXMAN:

17 Q. Did Ripple ever ask you to make sure U.S.  
18 persons were not buying XRP from GSR?

19 A. I think that -- I don't remember the exact  
20 details, but I do know that at some point, some  
21 moment in time, we stopped selling XRP on exchanges  
22 that catered to U.S. persons.

23 Q. And at what point in time?

24 A. When did they ask us?

25 Q. (Nods head.)



1 A. I don't recall.

2 Q. And was that on behalf of Ripple?

3 A. Yes. I think so. Yes.

4 Q. And who told you to stop selling?

5 A. I don't recall.

6 Q. I just want to clarify, they told you to  
7 stop selling on exchanges that catered to U.S.  
8 persons?

9 A. That's my recollection, yeah.

10 Q. So did that include U.S. exchanges and  
11 foreign exchanges that allowed U.S. users?

12 A. I think so, yeah. That's why they  
13 would -- that's why I phrased it that way.

14 Q. Okay. And sorry if I asked you this.  
15 When they told you to stop selling, was that over  
16 email or a phone call?

17 A. I don't recall.

18 Q. Okay. And why did they tell you to stop  
19 selling to exchanges that catered to U.S. users?

20 A. I -- I have no idea. I mean, what was  
21 going through their mind. I mean, I can speculate  
22 on -- but --

23 MR. HANIN: Don't speculate.

24 BY MS. WAXMAN:

25 Q. I don't want you to speculate.



1           When they told you this, were you still  
2       selling XRP programmatically on behalf of Ripple?

3           A.    When they told us to stop selling XRP on  
4       exchanges that catered to U.S. persons? Well, by  
5       definition.

6           Q.    So it would have to be during the period  
7       of time that you were selling XRP programmatically?

8           A.    I guess so.

9           Q.    Did you -- as a result of that direction,  
10      did you stop selling XRP on certain exchanges that  
11      catered to U.S. persons?

12          A.    Of course.

13          Q.    And which ones did you stop selling XRP  
14      on?

15          A.    I -- I don't recall the exact ones, but I  
16      suspect Coinbase would have been one of them, you  
17      know -- honestly, I don't recall the different ones.  
18      Coinbase is an obvious one.

19          Q.    Did they tell you which exchanges to stop  
20      selling on?

21                MS. ZORNBERG: Objection. Asked and  
22      answered.

23                THE WITNESS: I don't recall. It's  
24      possible that they told us which specific ones.  
25      They probably did. But I don't recall.



1 BY MS. WAXMAN:

2 Q. Did you have to do any investigation into  
3 which exchanges catered to U.S. persons?

4 MR. HANIN: Objection to the form. Had to  
5 do it, but ...

6 THE WITNESS: Did GSR have to -- I mean,  
7 we probably did it, but I doubt that -- I mean, we  
8 weren't -- we would not have been the ultimate  
9 arbitrator, right?

10 BY MS. WAXMAN:

11 Q. Did GSR take any steps to -- to understand  
12 whether certain exchange catered to U.S. users?

13 A. Yes. I mean, maybe this isn't relevant to  
14 this particular line, but the day immediately after  
15 the SEC filed the lawsuit against Ripple, we looked  
16 at all of our XRP trading activity, GSR's, in  
17 conjunction with selling program, others, ODL, et  
18 cetera, and we ensured that we were no longer  
19 trading XRP on any exchange that catered to U.S.  
20 persons. So for that exercise, we most certainly  
21 did that research, yeah.

22 Q. Prior to the time that Ripple directed you  
23 to stop selling on exchanges that catered to U.S.  
24 persons, did GSR take any steps to understand  
25 whether certain exchanges did, in fact, cater to



1 U.S. users?

2 A. We probably did as a normal course of  
3 business, of understanding, you know, how the  
4 exchanges were developing.

5 Q. But prior to the time that Ripple told you  
6 to stop selling on exchanges that cater to U.S.  
7 persons, they never asked you to not sell to U.S.  
8 persons, correct?

9 MR. HANIN: Objection. And tautological.

10 MS. ZORNBERG: Yeah. And can you also  
11 just fix the time? I don't think the witness's  
12 testimony is clear as to timing. The question is  
13 making it more unclear.

14 BY MS. WAXMAN:

15 Q. Did Mr. Garlinghouse ever ask you to make  
16 sure not to sell XRP on his behalf to U.S. persons?

17 A. I don't recall. It's possible.

18 Q. What about Mr. Larsen?

19 A. The same, Daphna. I'm not sure.

20 Q. Did Ripple ever instruct you to sell XRP  
21 to people who would commit not to resell to US  
22 customers?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: I don't recall. I don't  
25 think so. I don't recall.



1 BY MS. WAXMAN:

2 Q. Same question for Mr. Larsen?

3 A. Same answer.

4 Q. Same question for Mr. Garlinghouse?

5 A. Same answer.

6 Q. Did you ever have an understanding whether  
7 the XRP you sold on a foreign platform entered the  
8 United States?

9 A. The XRP, sorry?

10 Q. The XRP that GSR sold on foreign  
11 platforms, did that -- did you know whether that XRP  
12 ever entered the United States?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: How do you define XRP  
15 entering the United States?

16 BY MS. WAXMAN:

17 Q. Did you ever know if the XRP that you sold  
18 on a foreign platform was sold to a U.S. person?

19 MS. ZORNBERG: Objection.

20 THE WITNESS: I have no way of knowing  
21 that.

22 BY MS. WAXMAN:

23 Q. If you wanted to -- could you restrict the  
24 XRP you sold from being purchased by a U.S. person?

25 A. GSR? No. Because -- in the sense that we



1 would operate on exchanges that would not allow U.S.  
2 persons or entities to onboard, so it's our  
3 understanding that if we're trading XRP there, it's  
4 not with a U.S. person. But if we sell XRP to Joe  
5 Block on this exchange and Joe Block turns around  
6 and withdraws it and sells it to an American, I have  
7 no way of controlling that.

8 Q. When you executed trades on behalf of  
9 Ripple, were you restricted in any way as to who you  
10 could sell to?

11 MR. HANIN: Objection. Vague. Asked and  
12 answered. But ..

13 THE WITNESS: It's not -- we didn't work  
14 like that. We were directed as to which exchanges  
15 we should sell on.

16 BY MS. WAXMAN:

17 Q. Did they sell you -- direct you to sell  
18 XRP on exchanges within the United States?

19 MS. ZORNBERG: Objection.

20 THE WITNESS: I -- I guess so, because  
21 Coinbase was one of the exchanges where we sold XRP,  
22 right, so ...

23 BY MS. WAXMAN:

24 Q. Did they direct to you sell XRP on  
25 Coinbase?



1 A. I presume so, I don't --

2 Q. Did they direct to you sell XRP in U.S.  
3 exchanges?

4 A. It's possible. I'd have to look at the  
5 list of exchanges and -- I guess so.

6 Q. Do you want to look at the document 42?

7 MR. HANIN: Are you asking about whether  
8 he received a specific direction to trade on an  
9 exchange or just --

10 MS. WAXMAN: No --

11 MR. HANIN: -- a general direction to  
12 trade?

13 BY MS. WAXMAN:

14 Q. Generally did Ripple instruct GSR to sell  
15 XRP on its behalf on U.S. exchanges?

16 MS. ZORNBERG: Objection.

17 THE WITNESS: I can see from Exhibit 42 on  
18 the list of exchanges, I can see Poloniex, which I  
19 don't recall if, back in March of '19, it was a U.S.  
20 exchange or not. I can see Kraken, which I think  
21 was a U.S. exchange but I'm not entirely sure. I  
22 don't see Coinbase on this list.

23 BY MS. WAXMAN:

24 Q. Was Bittrex a U.S. exchange?

25 A. I don't know, because Bittrex also --



1 remember they spun out their international entity.  
2 And I'm not sure if this is referencing Bittrex U.S.  
3 or Bittrex International. It's possible that it's  
4 referencing Bittrex International because I think  
5 once they spun off the international entity, they  
6 pushed all the non-U.S. people to the international  
7 entity.

8 Q. Did they spin -- to your knowledge, when  
9 did that happen?

10 A. I don't recall.

11 MR. HANIN: Daphna, when we finish this  
12 line of questions, is it a good time for a break?  
13 We've been, again, going a healthy period of time.

14 MS. WAXMAN: Sure.

15 MR. HANIN: Trying to be as --

16 MS. WAXMAN: Sure.

17 MR. HANIN: -- accommodating as possible.

18 MS. WAXMAN: Just two more minutes, if  
19 that's okay.

20 MR. HANIN: Okay.

21 BY MS. WAXMAN:

22 Q. When you executed trades on behalf of  
23 Ripple, were you restricted in the amount of XRP you  
24 could sell?

25 A. I don't understand the question.



1 Q. Could you sell millions of units to one  
2 single buyer?

3 MS. ZORNBERG: Objection.

4 THE WITNESS: Technically, I guess so.  
5 If -- if there happened to be -- I would never have  
6 known on an exchange if that bid was one buyer or  
7 many buyers, because sometimes they'll stack the  
8 orders at the same price point. Technically, I  
9 guess.

10 BY MS. WAXMAN:

11 Q. When you executed trades on behalf of  
12 Ripple, were you restricted to sell only to people  
13 who would use the XRP as a means to pay for goods  
14 and services?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: No, I don't think so.

17 BY MS. WAXMAN:

18 Q. When you executed trades on behalf of  
19 Ripple, were you restricted to sell only to people  
20 who would use the XRP in a cross-border payment?

21 A. No.

22 Q. Were you restricted to selling the XRP to  
23 banks?

24 A. No.

25 Q. Were you restricted in selling the XRP to



1 any financial institution?

2 A. No.

3 Q. When you executed trades on behalf of  
4 Ripple, were you restricted to selling XRP to money  
5 transmitters?

6 A. No.

7 Q. Same questions for Mr. Larsen. When you  
8 executed trades on behalf of Mr. Larsen, were you  
9 restricted in the amount of XRP you could sell?

10 A. No.

11 Q. Were you restricted to sell to -- only to  
12 people who would use the XRP to pay for goods or  
13 services?

14 A. No.

15 Q. Were you restricted to sell only to people  
16 who would use it in a cross-border payment?

17 A. No.

18 Q. Were you restricted to people who would  
19 only sell it to banks or other financial  
20 institutions?

21 A. No.

22 Q. Were you restricted to people who would  
23 only -- were you restricted to sell it to only money  
24 transmitters?

25 A. No.



1 Q. Same questions for Mr. Garlinghouse.

2 A. No.

3 Q. Were you restricted in the way you could  
4 sell XRP in any way?

5 A. No.

6 MS. WAXMAN: Let's take a break.

7 THE WITNESS: Sorry, you said in any way.  
8 That's very broad.

9 MR. HANIN: And subject to the testimony  
10 before, I mean ..

11 BY MS. WAXMAN:

12 Q. I'll just say, when you executed trades on  
13 behalf of Mr. Garlinghouse, were you restricted in  
14 the amount of XRP you could sell?

15 MR. HANIN: Objection.

16 THE WITNESS: Subject to the sales targets  
17 that we had, the answer is no, of course.

18 BY MS. WAXMAN:

19 Q. Were you restricted to only sell to people  
20 who would use it as a means to pay for goods and  
21 services?

22 A. No.

23 Q. Were you restricted to sell only to people  
24 who would use it in connection with a cross-border  
25 payment?



1 A. No.

2 Q. Were you restricted to sell only to banks  
3 or other financial institutions?

4 A. No.

5 Q. Were you restricted to only sell to money  
6 transmitters?

7 A. No.

8 MS. WAXMAN: Let's go off the record.

9 THE VIDEOGRAPHER: Going off the record at  
10 12:08 p.m.

11 (Whereupon, a lunch recess was taken.)  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



1 AUGUST 11, 2021

1:14 P.M.

2 P R O C E E D I N G S

3 AFTERNOON SESSION

4 THE VIDEOGRAPHER: We're going back on the  
5 record at 1:14 p.m.

6 BY MS. WAXMAN:

7 Q. Mr. [REDACTED], where do you currently reside?

8 A. In [REDACTED].

9 Q. And do you have U.S. citizenship?

10 A. No.

11 Q. Do you have a green card?

12 A. Not anymore.

13 Q. Throughout the period, the sales of XRP  
14 that GSR executed on behalf of Ripple, was that in  
15 exchange for consideration?

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: What does "consideration"  
18 mean?

19 BY MS. WAXMAN:

20 Q. Something -- was it in exchange for  
21 something of value?

22 MS. ZORNBERG: Objection.

23 MR. HANIN: Objection. It's vague,  
24 but ...

25 / /



1 BY MS. WAXMAN:

2 Q. Did Ripple sell -- give away the XRP for  
3 free?

4 MS. ZORNBERG: Objection.

5 THE WITNESS: No. You're asking -- the  
6 XRP sales program was a business activity that GSR  
7 performed for -- for Ripple and we were paid a fee  
8 for that.

9 BY MS. WAXMAN:

10 Q. I want to clarify. I'm talking about  
11 Ripple -- I'm talking about what Ripple got in  
12 exchange for its selling of XRP. Was that in -- did  
13 Ripple give away the XRP for free?

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. It seems like a very obvious question, and  
17 a very silly question. I apologize. It is a very  
18 silly -- a simple question.

19 A. We never sold XRP for zero.

20 Q. Okay. So you would sell it for --

21 A. From different units of value.

22 Q. Okay. And same question for the  
23 individuals. Did you ever give away XRP that the  
24 individuals held for free?

25 A. No.



1 Q. And did you always sell the XRP for  
2 individuals for -- for something of value?

3 A. Yes.

4 Q. Throughout the period, GSR made efforts on  
5 behalf of Ripple to maintain orderly markets for  
6 XRP?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: Yes.

9 BY MS. WAXMAN:

10 Q. And this was at Ripple's direction?

11 A. Yes.

12 Q. And what is your understanding of  
13 maintaining an orderly market for XRP?

14 MS. ZORNBERG: Object to form.

15 THE WITNESS: At a high level, maintaining  
16 an orderly market means being, you know -- I think  
17 at the extreme, people talk about being the buyer of  
18 last resort or the seller of last resort. The idea  
19 is that you reduce the frictions, make it easier for  
20 people to enter and exit positions and try and  
21 dampen excessive volatility.

22 BY MS. WAXMAN:

23 Q. Going back to some questions we asked  
24 before lunch, I asked you a series of questions  
25 about whether or not you were restricted in any way



1 in how you sold XRP on behalf of Ripple and also on  
2 behalf of the individuals.

3 Did you ever tell anyone at Ripple that  
4 you were restricting Ripple's sales to particular  
5 users?

6 MS. ZORNBERG: Objection.

7 THE WITNESS: No. No.

8 BY MS. WAXMAN:

9 Q. Same question for Mr. Larsen, did you ever  
10 tell Mr. Larsen that you were restricting his sales  
11 to particular users?

12 A. No.

13 Q. And did you ever tell Mr. Garlinghouse  
14 that you were restricting his sales to particular  
15 users?

16 A. No.

17 Q. Were Ripple's efforts publicly known --  
18 Ripple's efforts to maintain orderly markets for XRP  
19 publicly known, as far as you're concerned?

20 MS. ZORNBERG: Object to form.

21 MR. HANIN: Objection.

22 THE WITNESS: Ripple published a -- I  
23 believe a quarterly report where they summarized  
24 their activities as way of being transparent. So if  
25 that's what you mean, then yes.



1 BY MS. WAXMAN:

2 Q. Other than the quarterly report, did  
3 Ripple publish any other information regarding its  
4 efforts to maintain an orderly market?

5 MR. HANIN: Objection. Foundation.

6 MS. ZORNBERG: Object to form.

7 MR. HANIN: If you know.

8 THE WITNESS: I don't recall.

9 BY MS. WAXMAN:

10 Q. Did you ever discuss with anyone at Ripple  
11 XRP's status under the U.S. securities laws?

12 A. Yes.

13 Q. And with whom?

14 A. I don't recall any specific conversation  
15 with any specific person, but over the course of  
16 eight years, I presume that, you know, the topic  
17 came up.

18 Q. Generally, what did you discuss?

19 A. As you can probably tell, I'm no legal  
20 expert, so I wasn't exactly talking about any legal  
21 minutia. It was -- the type of conversations we  
22 would have had were more typically -- well, we think  
23 things are going -- from their side, we think things  
24 are going well, we're working with the regulators,  
25 and we're hoping, you know, that everything is going



1 to arrive at a satisfactory -- I don't know, end,  
2 however you want to call it. But, I -- you know,  
3 we -- I did not have in-depth conversations with  
4 Ripple about any legal merits or the case or  
5 anything like that.

6 Q. These discussions that you had, who did  
7 you have them with?

8 MR. HANIN: Objection.

9 THE WITNESS: Depends on when.

10 (Reporter clarification.)

11 MR. HANIN: I just objected and said it  
12 was -- question had been asked and answered.

13 THE WITNESS: When do you mean, Daphna?  
14 Because depending on the year -- generally, most of  
15 my conversations with Ripple were with the person  
16 leading the markets team. And the person who led  
17 the markets team for I think the longest time is  
18 probably Miguel Vias. But after Miguel there was  
19 Breanne. Before Miguel, there were others.

20 BY MS. WAXMAN:

21 Q. When was the first time that you had a  
22 discussion with anyone at Ripple regarding XRP  
23 status under be the U.S. securities laws?

24 A. I really don't recall.

25 Q. Was it prior to Miguel Vias joining



1 Ripple?

2 A. I honestly don't recall. Can you remind  
3 me, when did Miguel join Ripple?

4 Q. My understanding is he joined in  
5 November 2016.

6 A. It's entirely possible, but I have no  
7 recollection. I don't know when I had the first  
8 conversation.

9 Q. Do you have any recollection of any  
10 specific conversations with any Ripple employees  
11 regarding XRP's status under the U.S. securities  
12 laws?

13 MS. ZORNBERG: Objection.

14 MR. HANIN: Same objection.

15 THE WITNESS: No, I don't. Probably  
16 because they wouldn't have had much substance. It  
17 was more of a casual thing, like a ...

18 BY MS. WAXMAN:

19 Q. Did Ripple ever disclose to GSR that it  
20 was being -- under investigation by the SEC?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't -- I don't recall.  
23 I don't know if Ripple told us or if we saw it in  
24 the news. I really don't know.

25 / /



1 BY MS. WAXMAN:

2 Q. When did you -- when did you first learn  
3 about the SEC's investigation?

4 MS. ZORNBERG: Objection. Foundation.

5 THE WITNESS: I -- I -- years ago. But I  
6 don't know -- I don't have any recollection. I  
7 can't say this particular date.

8 BY MS. WAXMAN:

9 Q. Were you aware of the SEC's investigation  
10 prior to the SEC filing a lawsuit against Ripple?

11 A. Prior to December of last year?

12 Q. Yes.

13 A. Yes. Yes.

14 Q. Okay. And were you aware of the SEC's  
15 investigations during the period of time that GSR  
16 sold XRP programmatically on behalf of Ripple?

17 MS. ZORNBERG: Objection.

18 THE WITNESS: I don't recall if I found  
19 out before, during or after we sold XRP  
20 programmatically.

21 BY MS. WAXMAN:

22 Q. Did anyone at Ripple ever tell you that  
23 there was a risk that XRP could be deemed a security  
24 under U.S. securities laws?

25 A. I mean, I don't recall.



1 MS. WAXMAN: Exhibit 63.

2 (Whereupon, Deposition Exhibit [REDACTED]-63  
3 was marked for identification.)

4 BY MS. WAXMAN:

5 Q. Mr. [REDACTED], I'm showing you what's been  
6 marked as Exhibit [REDACTED]-63, which is a screenshot of --  
7 and it's information contained in an Excel  
8 spreadsheet that GSR produced in response to an SEC  
9 subpoena.

10 MS. ZORNBERG: So is there a reason  
11 there's no Bates number on it?

12 MS. WAXMAN: The Excel spreadsheet doesn't  
13 have a Bates on it.

14 MS. ZORNBERG: Okay.

15 MR. HANIN: Are you representing that we  
16 produced this, GSR produced this?

17 MS. WAXMAN: Yes. Yes. And I can  
18 probably pull up the Bates number after.

19 Q. Do you recognize what's been marked as  
20 [REDACTED] 63?

21 A. I think this is a spreadsheet -- a  
22 printout from a spreadsheet outlining the sales for  
23 Bot 2h.

24 Q. Is this something that GSR put together?

25 A. I believe so.



1 Q. Is this a summary of trades in Ripple's  
2 trading Vibe for 2019?

3 A. I think that's what it represents, yeah.  
4 You can see on the left-hand column, the months in  
5 2019, XRP sold, dollar received in exchange.  
6 Mh-hmm.

7 Q. How much XRP did Ripple sell in  
8 October 2019?

9 A. According to this spreadsheet, zero.

10 Q. And how much did -- how much XRP did  
11 Ripple sell programmatically in November 2019?

12 A. Also zero.

13 Q. And what about in December 2019?

14 A. Also zero.

15 Q. And did Ripple cease its programmatic  
16 sales in the beginning of October 2019?

17 A. From looking at the spreadsheet, one might  
18 assume so. I'm guessing. I mean, I don't recall us  
19 doing anything in 2020. It's possible, yeah, that's  
20 when we stopped.

21 Q. And why did Ripple stop selling XRP  
22 programmatically in September 2019?

23 MS. ZORNBERG: Objection.

24 THE WITNESS: I -- I do not recall. I  
25 don't know.



1 BY MS. WAXMAN:

2 Q. Did Ripple ever tell you that the SEC had  
3 asked it to stop selling XRP programmatically?

4 MS. ZORNBERG: Objection.

5 THE WITNESS: No. No. Not that I can  
6 recall.

7 BY MS. WAXMAN:

8 Q. Did Ripple ever provide you with a legal  
9 opinion as to XRP's status under the U.S. securities  
10 laws?

11 A. I don't think so.

12 Q. Did you ever ask Ripple whether they had  
13 obtained a legal opinion on XRP status under the  
14 U.S. securities laws?

15 A. I don't remember if I asked it.

16 Q. Did GSR ever hire an attorney to provide a  
17 legal opinion on XRP status under the U.S.  
18 securities laws?

19 A. I don't remember.

20 Q. Is that something you would remember?

21 MR. HANIN: Objection.

22 THE WITNESS: No, I don't remember. I  
23 know we received a legal opinion letter in  
24 conjunction with our application for license in  
25 Singapore under the MAS, which we discussed earlier.



1 I do remember that instance, but I don't remember in  
2 the context of U.S.

3 BY MS. WAXMAN:

4 Q. When you say you received a -- are you  
5 talking about a legal opinion as to XRP status under  
6 Singapore law?

7 A. Correct, yeah.

8 Q. And what prompted GSR to obtain that  
9 opinion? And I want to say, I don't want you to  
10 divulge any conversations you've had with your  
11 counsel. So if you can just answer that question  
12 without --

13 MR. HANIN: The question was fair.

14 THE WITNESS: Part of the application  
15 process for licensing under the MAS.

16 BY MS. WAXMAN:

17 Q. And why did you need to obtain licensing  
18 under the MAS?

19 MR. HANIN: Objection. Foundation.

20 THE WITNESS: Because we were looking to  
21 become regulated, and the MAS had a framework, and  
22 we -- we wanted to opt into it. This is one of the  
23 requirements.

24 BY MS. WAXMAN:

25 Q. And did GSR engage in any business related



1 to Ripple in Singapore?

2 MS. ZORNBERG: Objection to form.

3 MR. HANIN: Objection to the --

4 THE WITNESS: I don't remember if we've --  
5 have we traded XRP on behalf of Ripple through our  
6 Singapore operating entity is what you're asking,  
7 right?

8 BY MS. WAXMAN:

9 Q. Yes.

10 A. I think the answer is yes.

11 Q. Okay. And what trading did you do on  
12 behalf of Ripple?

13 A. I -- I think -- and please forgive me if  
14 I'm wrong -- but I think that we service ODL from  
15 our Singaporean entity.

16 Q. And when you say you service ODL from your  
17 Singapore entity, what's -- what do you mean?  
18 What --

19 A. So in order to service ODL, we trade XRP  
20 against Mexican peso, Philippine peso, et cetera, on  
21 a number of different exchanges, and we do that from  
22 our Singaporean entity.

23 MS. WAXMAN: Exhibit 53, please.

24 Q. Mr. [REDACTED], I'm showing you what's been  
25 marked [REDACTED] 53, which is a document with the Bates



1 RPLI\_SEC 0878012 through -019, which appears to be  
2 an agreement titled "Master Purchase Agreement," an  
3 executed one. And it's dated July 3rd, 2020.

4 (Whereupon, Deposition Exhibit [REDACTED] 53  
5 was marked for identification.)

6 BY MS. WAXMAN:

7 Q. Do you recognize what's been marked as  
8 Exhibit 53?

9 A. Yes.

10 Q. And what is Exhibit 53?

11 A. The master purchase agreement.

12 Q. Who is -- if you turn to the last page,  
13 it's signed by [REDACTED]. Who is that?

14 A. [REDACTED] is one of our directors.

15 Q. And were you involved in negotiating this  
16 agreement with Ripple?

17 A. Yes, I think so.

18 Q. Okay. And what was the purpose of the  
19 agreement?

20 A. This agreement relates to purchases of XRP  
21 that GSR did on behalf of Ripple.

22 Q. And when did those purchases begin?

23 A. I -- I don't recall.

24 Q. Were they in or around December of 2020?

25 A. I would presume so. That's the date of



1 the agreement signature.

2 Q. Why did Ripple want GSR to purchase XRP  
3 during that time?

4 MS. ZORNBERG: Objection.

5 MR. HANIN: Objection.

6 You can give your understanding.

7 THE WITNESS: I -- again, I -- there are  
8 multiple reasons. I don't know what was going  
9 through Ripple's -- they didn't tell me specifically  
10 why.

11 BY MS. WAXMAN:

12 Q. Did you have any discussions with Ripple  
13 as to why they would want you to purchase XRP in  
14 connection with this agreement?

15 A. Yes.

16 Q. What was discussed?

17 A. I remember at some point during the ODL  
18 program -- you know, ODL is supposed to be net  
19 neutral XRP, meaning you buy XRP on one exchange but  
20 you sell it on the other.

21 At some point during the ODL program, I  
22 believe that changed, and the first leg, the  
23 origination leg, where the payment processor would  
24 purchase the XRP stopped occurring -- it was my  
25 understanding, on exchanges. And the payment



1 processors were purchasing XRP directly from Ripple,  
2 which -- that was how I understood it. And so if  
3 that happened, XRP would stop being XRP neutral.

4 You follow, right?

5 Q. So that caused an increase in supply of  
6 XRP entering the market?

7 A. That would -- exactly. That would --  
8 whereas ODL was -- was -- call it XRP neutral  
9 equilibrium, as soon as you source XRP in  
10 origination leg, you start increasing the supply of  
11 XRP.

12 Q. You said -- did you mean ODL would stop  
13 being XRP neutral?

14 A. Yes. What word did I say?

15 Q. The transcript says XRP would stop being  
16 XRP neutral. Did you mean ODL?

17 A. I meant ODL. I'm sorry.

18 Q. So how did that relate to the direction  
19 or -- how did that relate to Ripple's ask for you to  
20 start buying?

21 A. Again, it's speculation on my part because  
22 I wasn't told, this is why we're doing the buyback  
23 program, but --

24 MS. ZORNBERG: I'm going to object to  
25 speculation.



1 MR. HANIN: Don't speculate. The -- the  
2 initial question was different, but don't speculate.

3 BY MS. WAXMAN:

4 Q. Based on your experience with Ripple  
5 servicing the programmatic sales and servicing the  
6 ODL product, what did you understand your role to be  
7 in connection with these purchases?

8 MR. HANIN: Objection.

9 THE WITNESS: My role is execution agent.

10 BY MS. WAXMAN:

11 Q. And what did you understand the reason for  
12 not -- for the purchases -- what was your  
13 understanding?

14 MR. HANIN: If you have one.

15 THE WITNESS: Like I said, I -- I don't  
16 think Ripple ever told me, you're going to do these  
17 purchases for reasons A, B and C. Similarly is when  
18 we were directed to sell, now we were being directed  
19 to buy.

20 BY MS. WAXMAN:

21 Q. What did you believe the purpose was?

22 MS. ZORNBERG: Objection.

23 BY MS. WAXMAN:

24 Q. I understand your qualification that you  
25 didn't have -- that Ripple didn't tell you. What



1 did you believe?

2 MS. ZORNBERG: Objection.

3 THE WITNESS: I don't -- I'm not sure how  
4 I'm supposed to answer that question because I know  
5 I'm not supposed to speculate. I'm trying to be  
6 accurate.

7 BY MS. WAXMAN:

8 Q. I'm not trying -- I'm not asking you to  
9 speculate on their -- what they thought. I'm just  
10 asking you about your own belief, your own personal  
11 opinion.

12 MS. ZORNBERG: Objection.

13 MR. HANIN: If you have an opinion, you  
14 can give it. If you didn't have a view or opinion,  
15 you shouldn't speculate.

16 THE WITNESS: My -- my opinion was that  
17 if -- like I said, I wasn't sure, but I was under  
18 the impression that ODL was no longer XRP neutral.  
19 It was adding supply. And so this would be a way to  
20 counteract that.

21 BY MS. WAXMAN:

22 Q. Was the additional supply having -- did  
23 you understand the additional supply to have a  
24 negative impact on XRP's price?

25 A. At a high level, whenever there is



1 incremental supply of any asset, you would expect it  
2 to have an impact on the price.

3 Q. And did you understand that the buy -- the  
4 reason for the buying in 2020 was the same reason  
5 that Ripple was directing you to buy in the earlier  
6 time period?

7 MS. ZORNBERG: Objection.

8 BY MS. WAXMAN:

9 Q. In terms of how it would affect the price.

10 MS. ZORNBERG: Objection.

11 THE WITNESS: I mean, in general terms  
12 if -- the same way if you're selling an asset, you  
13 expect the price to go down. If you're buying an  
14 asset, chances are the price of the asset will go  
15 up. But ...

16 BY MS. WAXMAN:

17 Q. Did Ripple ever tell you that it wanted  
18 the price of -- that it wanted to use the purchases  
19 to increase the price of XRP?

20 A. No.

21 Q. Did Ripple want the purchases to create  
22 buying pressure?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: No.

25 / /



1 BY MS. WAXMAN:

2 Q. Did Ripple want the purchases to stabilize  
3 XRP's price?

4 A. Again, I don't know what Ripple wanted.  
5 I --

6 Q. Did you ever express any concerns to  
7 Ripple about purchasing XRP in connection with this  
8 agreement?

9 A. What do you mean by "concerns"?

10 Q. Did you ever tell them not to move forward  
11 with purchases?

12 A. I don't think so.

13 Q. Did you ever recommend any alternative  
14 action to address the increase in supply of XRP in  
15 the market?

16 A. I don't -- I don't recall.

17 MS. WAXMAN: I only have two copies of  
18 this document. I apologize.

19 MR. HANIN: Must be very special.

20 MS. WAXMAN: Can you mark this for me?

21 So it's Exhibit 66.

22 (Whereupon, Deposition Exhibit [REDACTED] 66  
23 was marked for identification.)

24 MS. DEARBORN: Daphna, can you tell us the  
25 Bates number?



1 MS. WAXMAN: RPLI\_SEC 0533153 through  
2 -161.

3 Q. Mr. Garlinghouse, these are screenshot --  
4 Mr. [REDACTED], these are screenshots of messages from  
5 Mr. Garlinghouse's cell phone?

6 MS. ZORNBERG: Hold on one second. Before  
7 you start, can we get -- can we get it  
8 electronically?

9 MR. TENREIRO: Yeah. Why don't we -- does  
10 she have that electronically?

11 MS. WAXMAN: No.

12 MR. TENREIRO: Okay. Let me send it  
13 around, and while I do that, do you want to move on  
14 to something else?

15 MS. WAXMAN: Sure. Sure. We can just  
16 hold on.

17 THE WITNESS: This isn't -- this was Brad  
18 with somebody else, right?

19 MR. HANIN: Daphna, is this an exchange  
20 involving [REDACTED]?

21 THE WITNESS: So no, he's not on the  
22 email. He's not a -- it's not a communication with  
23 [REDACTED].

24 MR. HANIN: Okay.

25 MR. TENREIRO: Let me get it so we can --



1       yeah. Let's move on to something else.

2               MS. ZORNBERG: Thank you.

3               MS. WAXMAN: We can just -- hold on.

4       Going back to Exhibit 53.

5               THE WITNESS: Yeah.

6       BY MS. WAXMAN:

7               Q. If you turn to the second page, section  
8       2(b), in middle of the paragraph there's a sentence  
9       that says:

10                       "Customer represents and  
11               warrants that it has received an  
12               opinion from Singapore legal  
13               counsel concluding that XRP is not  
14               a 'security' as that term is  
15               defined in Section 2(1) of the  
16               Securities and Futures Act of  
17               Singapore."

18               Did -- did GSR request the inclusion of  
19       that in the agreement?

20               A. I don't know.

21               Q. Who was responsible for negotiating this  
22       agreement with Ripple?

23               A. Do you mean the business terms or the --  
24       the legal term -- like --

25               Q. Who would have negotiated the language in



1 this document?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: Counsel, internal or  
4 external.

5 BY MS. WAXMAN:

6 Q. Would anyone at GSR know -- who at GSR  
7 would know why that was included?

8 A. I would ask [REDACTED].

9 Q. And who is that?

10 A. [REDACTED] has been an internal legal resource at  
11 GSR for a number of years now.

12 Q. Okay. Mr. [REDACTED], I want to show you what's  
13 been previously marked as -- you can put that to the  
14 side -- [REDACTED]-6.

15 (Whereupon, Deposition Exhibit [REDACTED] 6  
16 was marked for identification.)

17 MS. WAXMAN: Give me one second. I'll  
18 tell you the Bates.

19 Where is my copy? [REDACTED]-6 is an email with  
20 the Bates GSR\_294. It's an email from you dated  
21 May 31st, 2016, to [REDACTED]@ripple.com.

22 BY MS. WAXMAN:

23 Q. Mr. [REDACTED], did you send this email?

24 A. I believe so.

25 Q. Now, the first sentence you've said, I've



1 compiled a few ideas regarding our conversation last  
2 Friday on the impact of selling programs.

3 Are you talking about the impact of  
4 selling programs on XRP price?

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I presume so, yes.

7 MS. WAXMAN: Okay. Thank you.

8 MR. TENREIRO: We should have Exhibit 66.  
9 Everyone here should have it?

10 MS. WAXMAN: Okay.

11 MS. ZORNBERG: How so?

12 MR. TENREIRO: By email.

13 MS. ZORNBERG: I haven't received it.  
14 Maybe someone can forward it to me?

15 MR. TENREIRO: Oh, I didn't send it to  
16 you. Lisa, Meredith, Kristina, Sam and Jonah.

17 MS. ZORNBERG: Okay. Received.

18 MR. TENREIRO: Great.

19 BY MS. WAXMAN:

20 Q. Okay. Going back to Exhibit 66, you're  
21 not a party to this exchange, but I do want to  
22 direct you to the page with the Bates 533158. My  
23 understanding is this is a reference to

24 [REDACTED].

25 Do you know who [REDACTED] is?



1 A. Yes.

2 Q. And who is [REDACTED]?

3 A. Ex-colleague, friend. I've known [REDACTED] for  
4 20-odd years. He works with us at GSR.

5 Q. And what is his relationship to GSR?

6 A. [REDACTED] is the [REDACTED] in GSR from back in 2013,  
7 because he introduced us to Ripple. [REDACTED] and I did  
8 most of the work, but [REDACTED] made the introduction, so  
9 we gave him an initial. When we wound down the  
10 opcos in late '16, [REDACTED] stopped being part of GSR,  
11 and then he joined years later.

12 [REDACTED] was still working at [REDACTED] and  
13 worked at another hedge fund, so he wasn't involved  
14 in the business like we were.

15 Q. In July 2020, what was [REDACTED] involvement  
16 with GSR?

17 A. Full-time.

18 Q. And where did he work?

19 A. I think it was in Puerto Rico.

20 Q. And was he involved -- did he have any  
21 responsibilities related to Ripple at the time?

22 A. Not really. I'm surprised to see his name  
23 come up because typically I was the person  
24 interacting with Ripple.

25 MR. HANIN: The name [REDACTED] came up. I



1 don't know --

2 THE WITNESS: I'm not a thousand percent  
3 certain that this is the same [REDACTED], but yeah ...

4 BY MS. WAXMAN:

5 Q. Did you ever discuss with [REDACTED] the master  
6 purchase agreement or purchasing XRP on behalf of  
7 Ripple?

8 A. I don't recall, but we're business  
9 partners. Probably.

10 Q. Did you ever discuss with [REDACTED] concerns  
11 related to purchasing XRP on behalf of Ripple?

12 A. Again, I don't recall.

13 Q. The email says, [REDACTED] -- the text message  
14 says:

15 [REDACTED] came back - and after  
16 discussing with outside counsel,  
17 they mentioned some reg concerns  
18 given their SEC inquiry and  
19 suggested we may want to explore  
20 other ways to do this creatively  
21 that is more in line with our  
22 current contract - i.e., using  
23 derivatives, so, for example, we  
24 could sell them puts and then buy  
25 XRP in the open market to cover



1           their short."

2           Did you ever discuss with [REDACTED] using  
3 derivatives?

4           MS. ZORNBERG: Okay. I'm going to object.  
5 Lack of foundation. You're showing the witness a  
6 document that he's -- a communication he's not part  
7 of, asking him to comment on words that don't even  
8 purport to have been a summary of any communication  
9 with him. And he's already said he's not even sure  
10 if this is [REDACTED].

11           THE WITNESS: The short answer is no, I  
12 didn't -- I don't remember having a conversation  
13 with [REDACTED] about using derivatives.

14 BY MS. WAXMAN:

15           Q. Okay. Did you ever have a conversation  
16 with [REDACTED] concerning the master purchase agreement?

17           A. I don't recall. It stands to reason I  
18 would, because, again, a new contract needs to be  
19 discussed, and -- at the management team level,  
20 but ...

21           Q. I don't have any other questions related  
22 to that document.

23           And did [REDACTED] have any involvement with the  
24 purchasing of XRP on Ripple's behalf?

25           A. Not in any meaningful way. [REDACTED] is not --



1 the purchases were carried out programmatically.  
2 They would have been done by the same quant trading  
3 team and ops, and [REDACTED] is not part of that.

4 Q. Which platforms did GSR purchase XRP on in  
5 connection with the agreement?

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: I don't recall. It  
8 doesn't -- it doesn't stipulate it here?

9 BY MS. WAXMAN:

10 Q. I don't believe so.

11 A. I don't recall.

12 Q. Did GSR sell -- purchase XRP on Binance  
13 and OKEEx on behalf of Ripple?

14 A. It's entirely possible. I can't confirm.  
15 You mean in the context of the buyback?

16 Q. Yes.

17 A. In all likelihood, yes, because Binance is  
18 the largest crypto exchange. It's a natural place  
19 for us to go execute the buyback, but I can't  
20 confirm because I don't recall.

21 Q. And would you have recommended -- strike  
22 that.

23 Would you have recommended that Ripple  
24 purchase on OKEEx as well?

25 MS. ZORNBERG: Object to form.



1 THE WITNESS: It's possible. OKEEx also  
2 has significant XRP trading volume.

3 BY MS. WAXMAN:

4 Q. What is the current status of the buyback  
5 program?

6 A. As far as I know, it is -- we're not  
7 executing any more XRP purchases, or we haven't in  
8 quite some time.

9 Q. And when did you stop buying XRP on behalf  
10 of Ripple?

11 A. I don't recall.

12 Q. And why did you stop?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: They must have told us to  
15 stop.

16 BY MS. WAXMAN:

17 Q. Was it -- at the time that they told you  
18 to stop, was there additional supply entering the  
19 market from ODL?

20 MS. ZORNBERG: Objection.

21 THE WITNESS: I don't -- I don't know and  
22 the same way I didn't know at the beginning.

23 BY MS. WAXMAN:

24 Q. [REDACTED]  
25 [REDACTED]



1 A. [REDACTED]

2 MS. DEARBORN: Objection.

3 BY MS. WAXMAN:

4 Q. [REDACTED]

5 MS. DEARBORN: You can answer. The  
6 relevance of this is highly -- it's definitely in  
7 dispute and I think this is highly invasive, so  
8 let's just take this question and answer.

9 BY MS. WAXMAN:

10 Q. [REDACTED]

11 A. [REDACTED]

12 Q. [REDACTED]

13 A. [REDACTED]

14 [REDACTED]

15 Q. [REDACTED]

16 [REDACTED]

17 A. [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 Q. [REDACTED]

21 [REDACTED]

22 MS. DEARBORN: Object to form.

23 THE WITNESS: [REDACTED]

24 [REDACTED]

25 [REDACTED]



1

2 BY MS. WAXMAN:

3

Q. [REDACTED]

4

5

MS. DEARBORN: Object to form.

6

THE WITNESS: During what time period?

7

BY MS. WAXMAN:

8

Q. During the entire time period.

9

A. During --

10

MS. DEARBORN: Same objection.

11

THE WITNESS: I -- there were times when

12

we had multiple Bots connected to Mr. Larsen and

13

there were times when we didn't.

14

BY MS. WAXMAN:

15

Q. And -- okay.

16

MS. WAXMAN: Exhibit 34, please.

17

(Whereupon, Deposition Exhibit [REDACTED] 34

18

was marked for identification.)

19

BY MS. WAXMAN:

20

Q. Mr. Larsen [sic], I'm showing you what's

21

been marked as [REDACTED] 34, which is an email exchange

22

from February 2017. It's an email exchange, email

23

thread between you and Mr. Larsen.

24

MR. HANIN: Is there a reason this

25

document has no Bates number?



1 MS. WAXMAN: It was -- the way it was  
2 produced and printed, it doesn't have a Bates number  
3 on this document, but ...

4 MS. DEARBORN: Objection. We did not  
5 produce documents without Bates stamps, so . .

6 MS. WAXMAN: This was produced by GSR.

7 MR. HANIN: Generally our documents were  
8 produced with Bates stamps. I'm not aware we  
9 produced any document that didn't have a Bates  
10 stamp, so I --

11 MS. WAXMAN: I think the way it was loaded  
12 may have been a native. Strike that. We'll get you  
13 a Bates stamp number.

14 MR. TENREIRO: Sounds like the  
15 authenticity --

16 (Reporter clarification.)

17 MR. TENREIRO: It sounds like your  
18 authenticity objections are preserved. Let's go on  
19 and -- go on.

20 BY MS. WAXMAN:

21 Q. Okay. If you go to the second page on the  
22 back, did Mr. Larsen direct you to -- to buy XRP on  
23 February 18th, 2017?

24 A. You're referring to the last message where  
25 Chris says:



1                   "Hi [REDACTED] - on my Bot 4, could  
2                   you start buying as long as we're  
3                   below .006."

4           Q.    Yes.

5           A.    Yeah.

6           Q.    Why did he direct you to start buying XRP?

7           MR. HANIN:  Objection.

8           MS. DEARBORN:  Objection to form.

9           THE WITNESS:  Because he wanted to buy  
10          XRP.

11         BY MS. WAXMAN:

12           Q.    And did you have an understanding why he  
13           wanted to buy XRP?

14           A.    I'm afraid not.

15           Q.    Did Mr. Larsen want to buy in order to  
16           increase the price of XRP?

17           MR. HANIN:  Objection.

18           MS. DEARBORN:  Objection to form.

19           THE WITNESS:  It's impossible for me to  
20           know.

21         BY MS. WAXMAN:

22           Q.    The next email right above says, you say:

23                   "We would recommend pausing 6t  
24                   before reversing 4t, otherwise,  
25                   they will likely cancel each other



1 out."

2 And 4t is Mr. Larsen's bot?

3 A. Mh-hmm.

4 Q. And what is 6t?

5 A. 6t was a Rippleworks bot.

6 Q. And why did you recommend pausing 6t  
7 before re -- before starting to buy in 4t?

8 A. I -- I don't recall. This was  
9 four-and-a-half years ago. My guess is at this  
10 moment in time, the price of XRP had dropped  
11 considerably, and Mr. Larsen wanted to step in and  
12 provide -- well, I don't know why. Either he's  
13 buying back something he sold, he's stepping in to  
14 provide support for the market. There are a number  
15 of different reasons why Mr. Larsen might want to --  
16 to buy it. But it seems counterintuitive to have  
17 one bot selling and the other one buying at the same  
18 time.

19 Q. And when you say he wanted to -- he's  
20 stepping in to provide support for the market, are  
21 you talking about support for XRP price?

22 MS. ZORNBERG: Objection.

23 MR. HANIN: Objection. Mischaracterizes  
24 testimony. That's not what he said.

25 THE WITNESS: Mr. Larsen has significant



1 XRP holdings. He can choose to buy or sell  
2 depending on his market --

3 BY MS. WAXMAN:

4 Q. I just want to understand what you meant  
5 when you used the terms "provide support for the  
6 market"?

7 A. I guess I -- I would see his involvement  
8 in a similar capacity to ours in the sense that, in  
9 a very illiquid market, when there seemed to be  
10 dislocations, and supply/demand imbalances. I don't  
11 know what happened on this particular day, but maybe  
12 the price of XRP had dropped by 60 percent  
13 overnight, and Mr. Larsen is stepping in to buy some  
14 XRP because it's the right thing to do.

15 Q. So when you talk about providing support  
16 for the market, you're talking about price support?

17 MS. ZORNBERG: Objection.

18 MS. DEARBORN: Objection to form.

19 THE WITNESS: Not so much price support,  
20 but liquidity at a moment when it's needed.

21 MS. WAXMAN: Just for the record, this  
22 document is GSR\_1004, has a Bates 1004 and 1005.

23 Q. Going back to the document, did Mr. Larsen  
24 take your recommendation to pause sales in 6t?

25 A. I have no recollection. But reading his



1 message at 1614, he says:

2 "Let's reverse Bot 6 as well."

3 Q. Did Mr. Larsen provide trade instructions  
4 for Bot 6t at other times as well?

5 MS. DEARBORN: Object to form.

6 THE WITNESS: I don't recall. I don't  
7 think so. I'm somewhat surprised to see this  
8 exchange.

9 BY MS. WAXMAN:

10 Q. Why are you surprised to see the exchange?

11 A. Because we didn't receive directions from  
12 Mr. Larsen that regularly, and 6t was Rippleworks  
13 anyway.

14 Q. Who provided trade instructions for 6t?

15 A. Rippleworks.

16 Q. Who from Rippleworks?

17 A. [REDACTED]

18 Q. And would he provide those instructions in  
19 writing?

20 A. Yes, I think so.

21 Q. And would he email those instructions  
22 directly to you?

23 MR. HANIN: Objection.

24 THE WITNESS: It's entirely possible.

25 / /



1 BY MS. WAXMAN:

2 Q. Would those instructions be something that  
3 are part of the record?

4 MS. ZORNBERG: Object to form.

5 MR. HANIN: Objection.

6 THE WITNESS: What do you mean?

7 BY MS. WAXMAN:

8 Q. Strike that.

9 Would you keep a record of instructions  
10 that you got from Mr. [REDACTED] in connection with  
11 trading in Bot 2?

12 MS. ZORNBERG: Object to form.

13 MR. HANIN: Objection.

14 THE WITNESS: Do we -- we have emails with  
15 Mr. [REDACTED]. Is that what you're asking?

16 BY MS. WAXMAN:

17 Q. Yes.

18 A. Yeah.

19 Q. You said -- I'm going back to something  
20 you said earlier. You said Mr. Larsen would step in  
21 to buy some XRP, quote, because it's the right thing  
22 to do.

23 What did you mean by -- by that?

24 A. Well, from my point of view, if I had a  
25 whole bunch of XRP, and I had sold some at higher



1 prices and the price collapsed, I might step in and  
2 buy back some of that XRP I had sold. It's a normal  
3 trading decision to make.

4 Q. How much XRP did Mr. Larsen own, if you  
5 know?

6 A. I don't know.

7 Q. Did he own a considerable size of XRP?

8 MS. DEARBORN: Object to form.

9 THE WITNESS: I believe he did, but I --

10 BY MS. WAXMAN:

11 Q. Why would he want to increase his position  
12 of XRP?

13 MS. DEARBORN: Object to form.

14 THE WITNESS: It's not necessarily because  
15 he wants to increase his position of XRP. But he  
16 might have a view on price also.

17 BY MS. WAXMAN:

18 Q. Going to the first page of the document --  
19 you're already on -- that page of the document, did  
20 Mr. Larsen authorize the use of funds from 6t to  
21 purchase XRP in the market?

22 MS. DEARBORN: Object to form.

23 THE WITNESS: Not explicitly, but on his  
24 message at 1614, he says:

25 "Let's reverse Bot 6 as well."



1 BY MS. WAXMAN:

2 Q. And then you write:

3 "Understood. We will utilize  
4 4t's 40K first, and if XRP price is  
5 still below .006, we will engage  
6 6t."

7 He doesn't respond and then you confirm --  
8 send another email and you write:

9 "We have exhausted 4T's funds  
10 (42,000) and are now switching over  
11 to 6t (approximately 100,000)."

12 MR. HANIN: Objection to the form. I'm  
13 not sure there's a question and I'm not sure he  
14 didn't respond, but ... It is the next email in the  
15 chain but it's three days later.

16 BY MS. WAXMAN:

17 Q. So going back to my initial question, is  
18 there any reason to believe that Mr. Larsen didn't  
19 authorize the use of funds from 6t to purchase the  
20 XRP?

21 MS. DEARBORN: Object to form.

22 THE WITNESS: Again, like I said, I don't  
23 see him authorizing anything explicitly, but I do  
24 see him directing us to reverse Bot 6.

25 / /



1 BY MS. WAXMAN:

2 Q. And -- but did you start -- okay. Did you  
3 use funds from 6t to purchase XRP in the market?

4 A. I presume so, given what I wrote on the  
5 first email of this thread.

6 Q. Would you have done that without seeking  
7 permission from Mr. Larsen?

8 A. Well, I should have sought permission from  
9 Mr. [REDACTED]. I don't know if, over the course of the  
10 three days between those two emails, that occurred,  
11 a separate email or a phone call.

12 Q. The email that's at 4:39?

13 A. Yeah.

14 Q. 16 -- 1639, excuse me, you write:

15 Again, "We will utilize 4t's  
16 40,000 first, and if XRP price is  
17 still below .006 we will engage  
18 6t."

19 Did Mr. Larsen want his buying -- strike  
20 that.

21 Was Mr. Larsen trying to target a specific  
22 XRP floor price?

23 MS. DEARBORN: Object to form.

24 THE WITNESS: Well, the last email on this  
25 thread, on the 18th of February, he says that he



1 would like -

2 BY MS. WAXMAN:

3 Q. No. The first -- I believe that's the  
4 first email.

5 MR. HANIN: Let him finish, Daphna.

6 THE WITNESS: Did I get it wrong? You  
7 know what I mean. The email from the 18th of  
8 February, Chris is saying that as long as the price  
9 is below .006, he would like to be buying XRP.

10 MS. WAXMAN: Okay. Exhibit 37.

11 (Whereupon, Deposition Exhibit [REDACTED] 37  
12 was marked for identification.)

13 BY MS. WAXMAN:

14 Q. Mr. [REDACTED], I'm showing you -- Mr. [REDACTED], I'm  
15 showing you what's been marked as G -- [REDACTED]-37, which  
16 is a document with the Bates GSR\_796. It's an email  
17 chain from December 2017 between you and  
18 Chris Larsen.

19 MS. DEARBORN: Daphna, again, this  
20 document doesn't appear to be produced with Bates  
21 stamps.

22 MS. WAXMAN: I just read it in the record.  
23 It's GSR\_796.

24 MS. DEARBORN: Thank you.

25 / /



1 BY MS. WAXMAN:

2 Q. Did you send -- strike that.

3 Did you recommend in December 2017 that  
4 Mr. Larsen tactically increase XRP sales?

5 A. Yes.

6 Q. And what did you mean by "tactically  
7 increase sales"?

8 A. As I said in the email, the market seems  
9 very frothy.

10 Q. What is --

11 A. Back in December of 2017, if I remember  
12 correctly, it was -- we had that huge bull run in --  
13 overall in crypto. I can see in the other message,  
14 I reference Korea, this is the famous Kimchi premium  
15 that occurred. There's a lot of retail lead buying  
16 interest, particularly in South Korea. Most digital  
17 assets increased in value, and I think just what it  
18 says, let's take the opportunity that there's a lot  
19 of liquidity and higher prices, to sell some XRP.

20 Q. When you said there was -- when you were  
21 talking about the reference to Korea, you said  
22 there's a lot of retail lead buying interest.

23 Are you talking about retail interest in  
24 buying XRP?

25 A. I think there was -- crypto kind of



1 exploded in Korea. That's my understanding. I'm no  
2 expert on South Korea, but most digital assets  
3 experienced huge price appreciations. And those  
4 price appreciations were even higher in Korea. So  
5 what ended up happening is that when you normalized  
6 for the exchange rate, you would see that crypto  
7 prices in Korea are actually 10, 15 in some cases 20  
8 or 30 percent higher than outside of Korea.

9 Q. Is that why you recommended that  
10 Mr. Larsen increase sales?

11 A. That's one of the reasons, yeah.

12 Q. And would this be an opportunity for  
13 Mr. Larsen to extract more USD from his sales?

14 A. Well, again, if you sell more XRP and the  
15 price of XRP is higher, by definition, you will  
16 collect more USD or whatever other unit of value.

17 Q. Did he accept the recommendation?

18 A. I don't recall.

19 Q. It says, "Let's try a constructive  
20 increase," in the middle of the page.

21 What did you understand that to mean?

22 A. We would probably increase the -- the  
23 sales percentage on the bot. But I don't recall  
24 executing the change or how big it was. That's why  
25 I said I don't recall.



1 Q. Okay. Were there other instances where  
2 you recommended to Mr. Larsen that he tactically  
3 increase sales?

4 MS. DEARBORN: Object to form.

5 THE WITNESS: In all likelihood, yes.

6 BY MS. WAXMAN:

7 Q. And when you made that recommendation, did  
8 he agree to move forward?

9 MS. DEARBORN: Object to form.

10 THE WITNESS: I -- I don't recall.

11 BY MS. WAXMAN:

12 Q. Did Mr. Larsen often use the term  
13 "constructive increase"?

14 A. Mr. Lars- --

15 MS. DEARBORN: Object to form. Sorry, I'm  
16 trying to speak up from all the way over here.  
17 Object to form.

18 THE WITNESS: Mr. Larsen used the term  
19 "constructive" many -- several times in  
20 conversations with me.

21 BY MS. WAXMAN:

22 Q. What did you understand that to mean?

23 A. Fair and orderly is one of them. The  
24 other one is in the context of a selling program.  
25 We're tasked with adding supply of something that



1 has very little liquidity. If we add supply too  
2 quickly, it will become destructive because there  
3 isn't enough liquidity to absorb all of the supply.  
4 So to me, constructive means the opposite of that.  
5 Don't be heavy-handed in the selling. Be measured  
6 in the amount of supply that you're introducing into  
7 the market.

8 Q. Would -- and would that -- you said it  
9 will become destructive. Are you talking about  
10 becoming destructive to the price?

11 A. It will -- exactly. It will -- if there's  
12 very little liquidity and you increase the amount of  
13 supply by a huge factor, that risk has to go  
14 somewhere, and if there isn't enough liquidity,  
15 eventually it will have a very detrimental impact on  
16 the price of XRP.

17 Q. So when -- so Mr. Larsen wanted you to be  
18 constructive in terms of XRP price?

19 MS. DEARBORN: Objection to form.

20 THE WITNESS: I think what's important --  
21 what I internalize is that Mr. Larsen was looking  
22 for my guidance or our guidance from being the  
23 market experts to introduce a supply of XRP that is  
24 commensurate with the liquidity available at the  
25 time. Is that -- is that a word, "commensurate"?



1 MR. HANIN: Commensurate. Big word,  
2 actually.

3 MS. WAXMAN: Your English is excellent.  
4 Better than mine.

5 Exhibit 45, please. Oh, wait, Exhibit 54.

6 (Whereupon, Deposition Exhibit [REDACTED] 54  
7 was marked for identification.)

8 MR. TENREIRO: For the record, this is  
9 Bates Christian Larsen 2177.

10 BY MS. WAXMAN:

11 Q. Mr. [REDACTED], I'm showing you a text message -  
12 a document that has -- I'm showing you  
13 Exhibit [REDACTED] 54. It's a text message from you to  
14 Mr. Larsen dated July 7th, 2020.

15 A. Mh-hmm.

16 MS. DEARBORN: And for this, as for all of  
17 them, we're taking SEC's representation that this is  
18 an authentic copy of the document that was produced.  
19 Obviously, we can't check it out right now.

20 BY MS. WAXMAN:

21 Q. Mr. Larsen -- Mr. [REDACTED], can you read the  
22 email to the -- into the record?

23 A. "Good morning, sir. Just to let you know  
24 we were finally able to report your trade to the [REDACTED]  
25 SDR last night (first ever so it took some time to



1 adjust their default parameters)."

2 Q. And what trade are you talking about in  
3 the exhibit?

4 A. I think this refers to us purchasing some  
5 covered calls from Mr. Larsen.

6 Q. And when did you begin to purchase covered  
7 calls on behalf of Mr. Larsen?

8 A. I don't recall the exact date. I suspect  
9 on or around the 7th of July date stamp that we  
10 see in there.

11 Q. And are you currently purchasing covered  
12 calls on behalf of Mr. Larsen?

13 A. No.

14 Q. And what is the [REDACTED] SDR?

15 A. The [REDACTED] is the [REDACTED]  
16 [REDACTED]. The SDR, is it the swap depository  
17 something -- I don't remember the exact -- this is  
18 where -- again, I'm not expert in this, forgive me  
19 if I say something really stupid, but my  
20 understanding is that when we did these derivative  
21 transactions, we were supposed to report them into  
22 the [REDACTED] SDR.

23 Q. Did Mr. Larsen -- did you execute XRP  
24 derivative transactions on behalf of Mr. Larsen?

25 MS. DEARBORN: Object to form.



1 THE WITNESS: No. This was -- we did a  
2 derivative transaction with Mr. Larsen.

3 BY MS. WAXMAN:

4 Q. Okay. And were you reporting it -- the  
5 trade on behalf of Mr. Larsen?

6 MS. DEARBORN: Object to form.

7 MR. HANIN: Objection.

8 THE WITNESS: I don't understand the  
9 subtleties. I don't know if we were reporting it  
10 for us or for him. I'm sorry.

11 BY MS. WAXMAN:

12 Q. And did anyone direct you -- did  
13 Mr. Larsen direct you to report the trade?

14 MS. DEARBORN: Object to form.

15 THE WITNESS: I don't recall. I don't  
16 know. I -- no, I don't know.

17 MS. WAXMAN: Exhibit 45, please.

18 (Whereupon, Deposition Exhibit [REDACTED] 45  
19 was marked for identification.)

20 BY MS. WAXMAN:

21 Q. Mr. [REDACTED], I'm showing you what's been  
22 marked as [REDACTED] 45, which is a document with the Bates  
23 GSR\_8741 through -8743. It's an email chain from  
24 August 15th, 2019. The subject is "Re: Xrapid  
25 market making"?



1 A. I wasn't having my best day.

2 Q. Why do you say that?

3 A. The tone of the email is not very  
4 professional.

5 Q. What is the email about?

6 MR. HANIN: Have you read the whole chain?

7 THE WITNESS: Yeah. Yeah.

8 I'm commenting within the management team.

9 Well, [REDACTED] has sent us an email pointing out  
10 certain things going on in the Bitso order book, and  
11 I am discussing it with the management team at GSR.

12 BY MS. WAXMAN:

13 Q. Is this in connection with services -- is  
14 this in connection with GSR's services related to  
15 ODL?

16 A. Yes.

17 Q. Okay. And at the top of the page, you  
18 write:

19 "XRP [sic] has been running  
20 for all of two weeks."

21 A. XRapid --

22 Q. XRapid.

23 A. -- which is the old name for ODL.

24 Q. And does this document refresh your memory  
25 as to when you started to provide these services?



1           A.    I can infer now that we probably started  
2   in August of 2019, right?

3           Q.    Is that a reference to when you started to  
4   support ODL? Or xRapid?

5           A.    Well, it seems like we -- I talk here  
6   about the fact that we don't have a signed contract  
7   in place. So these orders that [REDACTED] is  
8   referencing, technically I don't know if it  
9   constitutes us servicing a contract if there's no  
10   contract in place. We might have just -- it would  
11   have been testing or, you know, testing the pipes  
12   before we actually start providing the service.

13          Q.    Okay. But going to the email from [REDACTED]  
14   on the bottom, the second paragraph says:

15                   "Given our call yesterday, we  
16                   wanted to reemphasize the  
17                   importance of fostering a market  
18                   environment where destination  
19                   xRapid XRP markets build up natural  
20                   liquidity over time. If these  
21                   markets are unable to build up  
22                   actual liquidity over time, the  
23                   xRapid product [sic] will not be  
24                   something that Ripple will be able  
25                   to sustain."



1 Did you --

2 MS. ZORNBERG: Just for the record, you  
3 misread "project" as product in the last line.

4 MS. WAXMAN: Apologies.

5 Q. "If these markets are unable to build up  
6 natural liquidity over time, the xRapid project will  
7 not be something that Ripple will be able to  
8 sustain."

9 Did you ever discuss with Ripple why  
10 building natural liquidity was so important?

11 A. Yes.

12 Q. And what did you discuss?

13 A. It's along the lines of what [REDACTED] is  
14 referring to here. My understanding was that as  
15 crypto markets continued to pop up and grow and  
16 develop and they have more market participants  
17 within them, they have more organic liquidity. And  
18 so the need for GSR to step in as a -- call it like  
19 a back stop liquidity provider for -- for when these  
20 payments are going through will reduce over time.

21 The organic participants in the Mexican  
22 Bitso, for example, or Coins.ph in the Philippines,  
23 they themselves will perform our role.

24 Q. So the natural liquidity would come from  
25 retail purchasers on the exchanges?



1           A.    Any market participant on the exchange who  
2    may be purchasing or selling for any number of  
3    different reasons, yeah.

4           Q.    Was it costly for Ripple to pay GSR to  
5    provide liquidity for ODL?

6           MS. ZORNBERG:  Objection.

7           THE WITNESS:  How would you define  
8    "costly"?  Like --

9    BY MS. WAXMAN:

10          Q.    Did Ripple ever tell you that it was  
11    getting very expensive for them to pay GSR to  
12    support ODL?

13          MS. ZORNBERG:  Objection.

14          THE WITNESS:  I don't recall them using  
15    those words, no.

16    BY MS. WAXMAN:

17          Q.    Did -- did Ripple ever try to reduce the  
18    amount it paid GSR for ODL services?

19          A.    Yes.

20          Q.    Okay.  And did they tell you why they  
21    wanted to do that?

22          A.    No.  But -- no.

23          Q.    At the time of this email, were you  
24    providing liquidity support in a particular  
25    corridor, ODL corridor?



1           A.    Well, the email references the Bitso order  
2 book, so that would have been the Mexican peso. But  
3 as I said earlier, sounds like we didn't have a  
4 contract in place, so technically, I don't think we  
5 were delivering a service; probably call this the  
6 testing period that occurs before we do anything.

7           Q.    Going to your email at the top, the last  
8 paragraph, you say:

9                       "Making the changes they asked  
10                      for probably won't make any  
11                      difference to the development of  
12                      natural liquidity at Bitso."

13           What changes were they asking you to make?

14           A.    They were ask -- they -- I think they  
15 believed that our -- we were putting up large bits  
16 very close to fair value, and they were asking us to  
17 back off so that there would be room for other  
18 market participants to get in front of us.

19           Q.    And did you think that would create  
20 natural liquidity?

21           A.    I'm not the proudest of what I wrote on  
22 that last paragraph. What [REDACTED] is saying is true.  
23 If -- let me illustrate it this way: If there's  
24 only one tick between bid and offer, right, there's  
25 no way anybody can get in the inside, right? So



1     there's no way any organic liquidity or anybody else  
2     is going to step inside and facilitate that payment.  
3     And what he's asking us, he's saying you guys are  
4     too close to the offer, you need to back off so that  
5     other guys can step in. It make -- what he said  
6     made sense. Like I said, I don't think I was having  
7     my best day.

8           Q.     I understand that you -- the  
9     clarification, but your response was:

10                    "If they really want liquidity  
11                    to improve, they should work with  
12                    Bitso to get more people trading on  
13                    the platform"?

14           A.     But that goes along with what I was  
15     saying, right, that you need more people to get in  
16     between best bid, best offer. One way of doing that  
17     is getting more people to trade on the platform.

18           Q.     And when you say more people, you're  
19     talking about retail purchases of XRP?

20                   MR. HANIN: Objection. Asked and  
21     answered.

22                   THE WITNESS: It doesn't matter. It  
23     doesn't matter whether they're retail, pro tail  
24     [sic], professional, institutional. You just need  
25     more participants.



1 BY MS. WAXMAN:

2 Q. More investors in XRP?

3 MR. HANIN: Objection.

4 MS. ZORNBERG: Objection.

5 THE WITNESS: I don't think it matters  
6 whether they're investors, speculators. More  
7 participants.

8 MS. WAXMAN: Exhibit -- Exhibit 64,  
9 please.

10 (Whereupon, Deposition Exhibit █████-64  
11 was marked for identification.)

12 BY MS. WAXMAN:

13 Q. Mr. █████, I'm showing you what's been  
14 marked as -- it says █████64 but it should be █████-64, and  
15 it has the Bates RPLI\_SEC 59885 through -59889.  
16 Take a moment to look at it and let me know when  
17 you're done.

18 At the bottom of the email on page 1, you  
19 say:

20 "I'm still bearish."

21 Are you talking about being bearish on  
22 XRP?

23 A. I -- I don't recall, but I think it was a  
24 more general statement, crypto in general.

25 Q. Okay. Setting aside the document, were



1       you bearish on XRP at this time?

2               MR. HANIN:   Objection.

3               THE WITNESS:   I have no way to remember.

4       I don't know.

5       BY MS. WAXMAN:

6               Q.    At the top of the email -- you say:

7                       "I'm still bearish."

8               And [REDACTED] asked:

9                       "Any reason why you were still

10                      bearish?"

11               First of all, just for the record, what

12       does it mean to be bearish?

13               A.    I think prices are going to go down.

14               Q.    So you're not confident in the success of  
15       the asset?

16               MS. ZORNBERG:   Object to form.

17               THE WITNESS:   I think it's more likely  
18       that the price of the asset in dollar terms is going  
19       to go down rather than up.

20       BY MS. WAXMAN:

21               Q.    Okay.   And so [REDACTED] asked, "Why are you  
22       bearish?"   And then you write:

23                       "Pervasive wash trading, lack  
24                      of adoption, turning 40 this year,  
25                      quitting smoking and drinking, et



1           cetera."

2           Are you talking about XRP?

3           A.   No.   And that's why when you asked me the  
4   question before, I said I think it's a more general  
5   statement, because when I say "pervasive wash  
6   trading, lack of adoption," I'm referring to the  
7   overall market.   I'm not talking just about XRP.

8           And, in fact, when you go to the next  
9   sentence, you can see:

10                "No idea where the floor might  
11           be.   The only thing I'm really  
12           excited about holding is XRP right  
13           now."

14           So I'm actually making a statement that I  
15   think the overall market is going to drop, but XRP  
16   doesn't look as bad as the overall market.

17           Q.   And why were you -- why did you have that  
18   belief that XRP didn't look as bad as the overall  
19   market?

20           A.   I don't remember what I was thinking four  
21   years ago, but -- three years ago, but I see I  
22   wrote:

23                "Because I expect the [REDACTED] deal  
24           to result in more sustainable  
25           buying, especially while they don't



1           have permission to offer BTC or  
2           BCH."

3           Q.   And why would the [REDACTED] deal -- why did you  
4           expect the [REDACTED] deal to result in sustainable buying?

5           A.   If I remember correctly, [REDACTED] was launching  
6           their own virtual currency exchange, [REDACTED] BC, and the  
7           only crypto that they were going to offer to their  
8           clients at the time was XRP. So the only  
9           transactions that could occur from that would be  
10          people coming to buy XRP.

11          Q.   And the [REDACTED] deal, that was a deal between  
12          Ripple and [REDACTED]?

13          A.   I think by [REDACTED] deal, I mean, [REDACTED] launching  
14          their virtual currency exchange. GSR was retained  
15          by [REDACTED] years ago when they launched the virtual  
16          currency exchange, and we were liquidity providers  
17          for a certain period of time.

18          Q.   And did [REDACTED] enter into an agreement with  
19          Ripple to purchase XRP?

20          A.   I don't know.

21          Q.   Did you ever sell XRP on behalf of [REDACTED]?

22          A.   I don't think so.

23          MS. WAXMAN: Exhibit 60, please.

24                (Whereupon, Deposition Exhibit [REDACTED] 60

25                was marked for identification.)



1 BY MS. WAXMAN:

2 Q. So this is very hard to read. I  
3 apologize. This is how it was produced to us. I'm  
4 showing you what's been marked [REDACTED] 60, which has the  
5 Bates GSR -25392.

6 And is 42t in connection with a specific  
7 individual, trading in 42t?

8 A. Yes.

9 Q. And -- and whose XRP do you sell through  
10 42t?

11 A. I believe it's Brad Garlinghouse.

12 Q. And during 2020, did Mr. Garlinghouse sell  
13 during the period from January until August?

14 A. I think so. No. I'm sorry. You're --  
15 when I look at the middle of the page, I see a  
16 year-to-date. And it seems like the only -- the  
17 first XRP sales start in August, and there was zero  
18 in January and there's nothing in between, so I  
19 assume that means that there were zero from January  
20 until August.

21 Q. And just taking a step back, do you  
22 recognize what's been marked as [REDACTED] 60?

23 A. What this actually is?

24 Q. Yeah.

25 A. Yeah. This is, I think, the daily emails,



1 or maybe this was a monthly one because it says  
2 Month To Date, this we would send out to the clients  
3 so they see the progress of the liquidation program.

4 Q. Did GSR send daily trade reports for every  
5 trade bot?

6 A. I don't know that we did it for all the  
7 clients.

8 Q. Did you send Mr. Garlinghouse a daily  
9 trade report for his trades?

10 A. I don't remember.

11 Q. Did you send Mr. Larsen a daily trade  
12 report?

13 A. Again, I don't remember. And it's  
14 possible that we did at some moment in and time then  
15 we didn't.

16 Q. If you didn't send it daily, how often  
17 would you send information regarding their trading?

18 MR. HANIN: Objection.

19 If you know.

20 THE WITNESS: I think -- I know there were  
21 dailies, there were monthlies. I don't think there  
22 were weeklies.

23 BY MS. WAXMAN:

24 Q. I think I have a daily.

25 Did Mr. Garlinghouse tell you to stop



1 selling XRP in --

2 A. I don't --

3 Q. -- in 2020?

4 A. I don't recall. If anything, it looks  
5 like he told us to start selling XRP in 2020.

6 Q. And when did he tell you to start selling  
7 XRP in 2020?

8 A. I don't know, but I can see from the  
9 report that in August we sold some XRP on behalf of  
10 Mr. Garlinghouse.

11 Q. Did you have any understanding as to why  
12 Mr. Garlinghouse didn't execute any trades in the  
13 period between January and August 2020?

14 MR. LEVANDER: Object to form.

15 THE WITNESS: I don't recall.

16 MS. WAXMAN: Exhibit 49, please.

17 (Whereupon, Deposition Exhibit [REDACTED] 49  
18 was marked for identification.)

19 MR. HANIN: Daphna, before you get to this  
20 document or your next question, it's 2:45. So to  
21 the extent you want to reserve 15 or however much.

22 MR. TENREIRO: She's going to reserve ten.

23 MS. WAXMAN: I'm just going to ask about  
24 this document. Then we'll stop.

25 MR. HANIN: Perfect.



1 Q. Mr. [REDACTED], I'm showing you what's been  
2 marked as [REDACTED]-49, which is a document with the Bates  
3 RPLI\_SEC 0582440. Again, I -- it's very hard to  
4 read, and I apologize. It was produced to us this  
5 way.

6 MR. HANIN: Not intentionally.

7 MS. WAXMAN: It wasn't produced by you.

8 MR. HANIN: And not by us. Yes, there you  
9 go.

10 THE WITNESS: You can read this one.

11 MR. HANIN: The last one was.

12 BY MS. WAXMAN:

13 Q. Is this the daily report --

14 A. This looks like the daily, yes.

15 Q. -- that GSR would send to individual  
16 clients?

17 A. Yes.

18 Q. And is this a copy of the daily report for  
19 trading in Mr. Garlinghouse's Bot 42t --

20 A. I believe so.

21 Q. -- between October 20th, 2019 and  
22 October 21st, 2019?

23 A. Yes.

24 Q. And on the left-hand side, there's a  
25 column titled "Exchange." Are these the list of



1 exchanges that GSR sold XRP on on behalf of

2 Mr. Larsen in --

3 A. Mr. Garlinghouse.

4 Q. -- Mr. Garlinghouse --

5 A. Yes.

6 Q. -- in October 2019?

7 A. Yes. Yes.

8 Q. And it looks like for Bittrex and

9 Coinbase, certain payers have zero volume, and also  
10 for Poloniex and Upbit, certain payers have zero  
11 volume.

12 Is there any reason why GSR didn't execute  
13 sales on those platforms and those payers at this  
14 time?

15 A. I don't remember why we would have traded  
16 some crosses but not others within the same  
17 exchange. It's strange.

18 Q. Did Mr. Garlinghouse ever direct you to  
19 sell XRP on certain platforms?

20 A. I don't recall any specifics, but I don't  
21 think Mr. Garlinghouse ever told us not to sell in  
22 any particular cross on some exchange, no.

23 Q. Did Mr. Garlinghouse ever tell you not to  
24 sell XRP on platforms that cater to U.S. users?

25 A. I don't recall.



1 Q. Was the XRP.USD cross available in  
2 platforms outside the United States?

3 A. When? You mean on October 20th?

4 Q. Sure. Well, on October 20, 2019.

5 A. Yeah. I mean, you can see Binance had  
6 a -- well, Binance had a tether cross, USDT.  
7 Bitfinex had a USD cross, right? Bitstamp XRP.USD.  
8 Houbi, USD. OKEEx and Polo used tether. Yeah.  
9 There are multiple.

10 Q. Are you currently selling XRP on behalf of  
11 Mr. Garlinghouse?

12 A. No.

13 Q. And when did you stop selling XRP on  
14 behalf of Mr. Garlinghouse?

15 A. I don't remember when we stopped selling  
16 XRP on behalf of Mr. Garlinghouse, but as I  
17 mentioned earlier, within a few days of the SEC's  
18 lawsuit, we ensured that we weren't trading XRP on  
19 behalf of Americans or exchanges that catered to  
20 Americans.

21 Q. So after the SEC lawsuit, did you stop  
22 selling XRP on behalf of Mr. Larsen?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: I can't remember if we were  
25 still selling XRP on behalf of Mr. Larsen. But



1 if -- but if we were, we would have stopped then.

2 BY MS. WAXMAN:

3 Q. Are you currently selling XRP on behalf of  
4 Mr. Larsen?

5 A. No.

6 Q. So your understanding is after the SEC  
7 lawsuit, you stopped selling on behalf of any U.S.  
8 clients and stopped selling XRP to any U.S.  
9 purchasers?

10 A. And trading XRP on exchanges that catered  
11 to U.S. entities or humans.

12 Q. And why did you do that?

13 A. Because it didn't feel like it was the  
14 right thing to do. We are -- as I mentioned hours  
15 ago, our intention is to bring GSR onshore and be  
16 regulated by the regulators in the U.S. So going  
17 against the SEC seemed like not the best way to go  
18 about doing that.

19 Q. And how would continuing to sell XRP be  
20 going against the SEC?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't know how to answer  
23 that question. But the SEC made it very clear on  
24 December 20, whatever it was, that they thought XRP  
25 was a security, and that is a clear statement. And



1 if that is the case, then GSR has no business doing  
2 these transactions until we are a registered entity  
3 in the U.S.

4 MS. WAXMAN: So it's 2:50 now. I'm going  
5 to reserve ten minutes after Ms. Zornberg or  
6 individuals' counsels ask questions. Thank you.

7 MS. ZORNBERG: Shall we take a break?

8 MR. HANIN: Yes. Let's take a --

9 MS. ZORNBERG: Ten-minute break --

10 MR. HANIN: Ten minutes is perfect.

11 MS. ZORNBERG: And start at 3:00.

12 THE VIDEOGRAPHER: We're going off the  
13 record at 2:50 p.m.

14 (Whereupon, a recess was taken.)

15 THE VIDEOGRAPHER: We're going back on the  
16 record at 3:03 p.m.

17 EXAMINATION BY MS. ZORNBERG

18 BY MS. ZORNBERG:

19 Q. Mr. [REDACTED], good afternoon. I'm  
20 Lisa Zornberg. I represent Ripple Labs, and I have  
21 some questions for you. Thank you for your  
22 endurance today.

23 First, you were asked some questions by  
24 the SEC about the original market making agreement  
25 between Ripple Labs and GSR. I'd like to show you



1 what's marked as Exhibit 100.

2 (Whereupon, Deposition Exhibit [REDACTED]-100  
3 was marked for identification.)

4 MS. ZORNBERG: For the record, it's a  
5 document called "Market Making Agreement" entered  
6 into as of the 31st of March, 2014, between Ripple  
7 Markets, Inc. and GSR, Andorra Private Venture.

8 Q. Do you see that?

9 A. Yes.

10 Q. And I'll just point out that it -- the --  
11 at the end, it looks like it's signed on behalf of  
12 GSR (Market Maker) by [REDACTED], director.

13 Do you see that?

14 A. Yes.

15 Q. Okay. Is this the initial market making  
16 contract that you were referring to in your  
17 testimony earlier today between GSR and Ripple?

18 A. I think so, yes.

19 Q. Let me direct your attention on the first  
20 page of the document to the section at the top  
21 called "Recitals." And there are two recitals.  
22 Recital A says that:

23 "Company," which is -- which  
24 is Ripple -- "desires to promote  
25 liquidity of fiat and



1           cryptocurrencies within the Ripple  
2           Network (defined below) by engaging  
3           market maker to quote binding bid  
4           and offer prices for virtual units  
5           of value (defined below) within the  
6           Ripple Network."

7           Do you see that?

8           A.    Yes.

9           Q.    Do you know -- and -- what -- well, let's  
10          just take a look for a moment at the definition for  
11          Ripple Network, which is on page 2.  And it's  
12          defined as:

13                "The decentralized, open  
14                source, global payment network  
15                operating on the Ripple protocol."

16          What was your understanding of what the  
17          Ripple Network was?  And I guess just --

18          A.    To --

19          Q.    Go ahead, please.

20          A.    Let me start by saying that I'm just a  
21          retired oil trader, so I'm not exactly a world  
22          eminence in cryptography.  But to me, the Ripple  
23          Network and the Ripple Consensus Ledger are  
24          interchangeable.

25          Q.    Okay.  So -- and was the Ripple Consensus



1 Ledger would also -- later became called the XRP

2 Ledger?

3 A. I guess so. I just haven't -- I don't

4 remember hearing that term as often, but yeah.

5 Q. Okay. If I refer to it collect -- you

6 know, just as the Ledger, will you understand what

7 I'm referring to?

8 A. Yes, I think so.

9 Q. Okay. So back in 2014, around the time of

10 this agreement, did you view the Ledger as

11 innovative?

12 A. Yes.

13 Q. In what ways?

14 A. I had never come across something like the

15 Ledger. I remember showing my financial advisor how

16 it worked and creating a wallet and sending XRP and

17 everybody's look of amazement. It was the first

18 time I had come across something like that.

19 Q. And were you -- was the -- was the

20 Ledger -- did the Ledger contain a decentralized

21 exchange within it, if you know?

22 A. The Ledger allowed -- so when we access

23 the Ledger, we were able to send, receive and

24 exchange different units of value.

25 Q. Include -



1           A.    So in order to -- so you're exchanging  
2   unit of value.  So from that point of view, yes, I  
3   guess it is an exchange.

4           Q.    And you testified earlier, I believe, that  
5   when you were -- when GSR was retained to provide  
6   market making services on the Ledger, it was for  
7   different crosses, some including XRP and some not?

8           A.    That's correct.

9           Q.    Okay.  And is that consistent with the  
10   recital that we looked at on page 1 that says that  
11   the company desires to promote liquidity of fiat and  
12   cryptocurrencies?

13          A.    I think it's the same thing, right?  Fiat  
14   would have been dollar, euro, I think there was GBP,  
15   there was yen, CNY.  And then virtual  
16   cryptocurrencies, there was XRP and Bitcoin.  And so  
17   any combination of those different crosses, right?

18          Q.    Yeah.

19                Are you aware -- you testified earlier  
20   that the Ledger was public?

21          A.    Yes.

22          Q.    Was it open source?

23          A.    I believe it was.

24          Q.    Are you aware that it was launched before  
25   Ripple Labs was formed as a company?



1           A.    I don't recall.  I don't think -- I'm not  
2   sure if I was aware.

3           Q.    Okay.  From it's -- from the time you  
4   started working with the Ledger, was it capable of  
5   facilitating cross-border payments?

6           MS. WAXMAN:  Objection.

7           THE WITNESS:  I wouldn't say payments, but  
8   it would allow you to exchange euros for yen, for  
9   example, so you could exchange different fiats.

10   BY MS. ZORNBERG:

11          Q.    Okay.  Mr. [REDACTED] you testified earlier that  
12   your greatest amount of contact with Ripple over the  
13   years has been with the markets team.

14          Do you recall that?

15          A.    Yes.

16          Q.    To what extent, if any, have you had  
17   contact with Ripple's product team?

18          A.    Very, very little.

19          Q.    Okay.

20          A.    Can you remind me who is on the products  
21   team?

22          Q.    I don't -- well, to what extent, if any,  
23   did you have communications Asheesh Birla, for  
24   example?

25          A.    I -- I think I've met Asheesh in person



1 for all of three minutes in a -- waiting for an  
2 elevator.

3 Q. Okay. You know that Ripple is a software  
4 company, right?

5 A. Yes.

6 Q. Would it be fair to say that you were not  
7 kept apprised of all of the efforts by Ripple's  
8 products team to develop software?

9 MS. WAXMAN: Objection.

10 THE WITNESS: No. I mean ...

11 BY MS. ZORNBERG:

12 Q. Okay.

13 A. I mean, would it be fair, yes, I think  
14 that's a fair thing to say.

15 Q. So you -- do you know what product Ripple  
16 was developing in 2013?

17 MS. WAXMAN: Objection.

18 THE WITNESS: I -- I don't recall, but I  
19 can't imagine I would have.

20 BY MS. ZORNBERG:

21 Q. Okay. Now, when the SEC questioned you  
22 earlier without showing you this document, [REDACTED]-100, I  
23 think you gave your best guess that you started  
24 making markets under a contract with Ripple in  
25 fourth quarter of 2013.



1           This agreement is dated as of March 31st,  
2   2014. So just, what is your best recollection,  
3   seeing the agreement, as to when GSR first began  
4   making markets --

5           MS. WAXMAN: Objection.

6   BY MS. ZORNBERG:

7           Q. -- under contract?

8           MS. WAXMAN: Objection.

9           THE WITNESS: I think I said that we  
10   started either Q4 of '13 or Q1 of '14. In my mind,  
11   I have this November of 2013 date. That might have  
12   been when we submitted our business plan or our  
13   business proposal to Ripple. And, obviously, it  
14   seems like we didn't sign any agreement until the  
15   31st of March of 2014. I don't think there was  
16   anything before this.

17   BY MS. ZORNBERG:

18           Q. Okay. All right. You can put that aside.

19           Can I have tab 5, the next one?

20           I'm showing you, Mr. [REDACTED], Exhibit 101.

21           (Whereupon, Deposition Exhibit [REDACTED] 101

22           was marked for identification.)

23   BY MS. ZORNBERG:

24           Q. Okay. For the record, Exhibit 101 is  
25   entitled "GSR Memorandum of Understanding," and it



1 looks to be an MOU made on December 1, 2018, as the  
2 effective date.

3 Do you recognize this document, Mr. [REDACTED]?

4 A. Yes.

5 Q. Okay. It appears that your signature is  
6 on the second page.

7 Did you sign it, electronically or  
8 otherwise?

9 A. That looks like me trying to replicate my  
10 signature on DocuSign, yes.

11 Q. All right. Is this the MOU that  
12 governed -- through which Ripple contracted GSR to  
13 provide liquidity services for the testing of the  
14 xRapid product?

15 MS. WAXMAN: Objection.

16 THE WITNESS: I believe that's exactly  
17 what it is. It's just an MOU.

18 BY MS. ZORNBERG:

19 Q. Yeah. And I'll direct your attention to  
20 the whereas clauses. The first one says:

21 "Whereas, GSR is in the  
22 business of providing liquidity and  
23 programmatic trading services to  
24 blockchain companies and token  
25 issuers. Whereas, Ripple has



1           launched a new product named xRapid  
2           and is seeking the services of GSR  
3           to provide liquidity during the  
4           testing period of the product."

5           Do you see that?

6           A.    Mh-hmm.

7           Q.    Did GSR, in fact, provide liquidity  
8           services for the xRapid product during the test  
9           period?

10          A.    I believe so.

11          Q.    Okay. What is your understanding of the  
12          OD -- what the ODL product intended to accomplish?  
13          And I'm going to refer to it as ODL. As you  
14          previously said, xRapid later became ODL.

15                But do you have an understanding of what  
16          the purpose of the product was?

17          A.    Yes.

18          Q.    What was your -- what's your  
19          understanding?

20          A.    My understanding is that ODL is supposed  
21          to significantly reduce the time and cost involved  
22          in sending FX payments, overseas or from overseas to  
23          onshore. I mean, it doesn't matter.

24          Q.    Okay. Did you -- do you have a view as to  
25          whether the ODL product, when it first came into



1 being, had an innovative value to it?

2 MS. WAXMAN: Objection.

3 THE WITNESS: I think when ODL came about,  
4 and even today, it facilitated the movement, small  
5 amounts of fiat from one currency to another. And  
6 that is something that, today, you simply cannot do  
7 using the normal banking system. So it was  
8 innovative then, and in some ways, it still is  
9 today.

10 BY MS. ZORNBERG:

11 Q. Why is liquidity in XRP important to the  
12 functioning of the ODL product?

13 MS. WAXMAN: Objection.

14 THE WITNESS: In order for the protocol to  
15 work, there needs to be -- if you're sending money  
16 from A to B, at A, you buy XRP with the originating  
17 currency. You can then send the XRP to the  
18 destination exchange and sell it for the destination  
19 local currency.

20 BY MS. ZORNBERG:

21 Q. That's a very well-hydrated example.

22 A. But -- so this movement of XRP is -- takes  
23 a very short period of time. You want the price of  
24 XRP here in dollars to be as close as possible to  
25 the price of XRP here in pesos so that the resulting



1     effected transaction is as close as possible to the  
2     fair value of the dollar max cross.

3             If the bid offer spread on the origination  
4     exchange were ten percent wide, when you -- the  
5     payment provider purchased the XRP in the  
6     origination exchange, they would already be  
7     ostensibly 5 percent underwater. Likewise, if then  
8     they send the XRP over here and they sell it for  
9     pesos and the best bid is 5 percent below fair  
10    value, they could have locked in an FX transaction  
11    that was 10 percent off market.

12            So you want both markets to be as tight as  
13    possible. And not just tight, but they need to have  
14    sufficient depth, because if this order is too big,  
15    maybe the first offer is very close to fair value,  
16    but if there are no more offers until 5 percent  
17    higher, when you come in to buy the XRP over here,  
18    you're going to end up buying the XRP very  
19    expensive.

20            Similarly, when you come over here and you  
21    try and sell it, you need there to be enough bids,  
22    otherwise you're going to work your way all the way  
23    down the order book and, again, you're going to be  
24    ten percent off market.

25            Q.    So liquidity mattered to ODL?



1 A. Absolutely.

2 Q. And a sign of liquidity is a tight spread  
3 between bid and ask?

4 A. That's the first one. But having a take  
5 wide bid offer for no size doesn't help either,  
6 unless you're trying to send pennies at a time,  
7 which is not the case.

8 Q. Okay. Were GSR's market making services  
9 for the ODL product provided for certain corridors  
10 where Ripple was first testing and then providing  
11 ODL services?

12 A. I believe so.

13 MS. WAXMAN: Object.

14 BY MS. ZORNBERG:

15 Q. And which corridors were those?

16 A. Mexican peso at Bitso, Philippine pesos at  
17 Coins.ph/Pro, AU -- Australian dollars at BTC  
18 markets.

19 Q. Okay. So in other words, was Ripple  
20 looking to contract GSR to provide liquidity where  
21 it was most useful to its product?

22 MS. WAXMAN: Objection.

23 THE WITNESS: I presume so, yes. I mean,  
24 we weren't -- the ODL contract only covered these  
25 exchanges, which my understanding is we're servicing



1 these rails that the payment providers were using.

2 BY MS. ZORNBERG:

3 Q. And was the amount of liquidity -- let me  
4 rephrase.

5 For GSR, in providing liquidity for the  
6 ODL product, was the amount of liquidity needed  
7 variable or static?

8 A. By "amount of liquidity," do you mean the  
9 size of the -- the depth that we were providing on  
10 any particular order book?

11 Q. Yes.

12 A. It -- I mean, it varied.

13 Q. Okay. Did it -- and did it vary based on  
14 particular -- for particular reasons?

15 A. When we -- when we provide liquidity on  
16 any given exchange, we're placing bids or offers, we  
17 don't know when an order resulting from ODL is going  
18 to interact with us. And we don't know sometimes  
19 when other market participants in any given exchange  
20 might choose to interact with us.

21 You know, there -- there are even worse  
22 cases where maybe our price oracles aren't perfectly  
23 synced and people take advantage of the fact that  
24 we're being slow in the exchange and they arb us  
25 out. It doesn't happen often, but it can happen.



1 Q. So would the amount of liquidity needed  
2 from GSR depend in part on the amount of  
3 transactions customers wanted to put through ODL?

4 MS. WAXMAN: Objection.

5 THE WITNESS: I can see how there would be  
6 a correlation between the size of the flows that  
7 were coming from ODL and the amount of liquidity we  
8 would have to, quote, unquote, guarantee on these  
9 exchanges.

10 BY MS. ZORNBERG:

11 Q. Since 2018, have -- have certain -- has  
12 liquidity in any of these corridors that you  
13 mentioned grown?

14 A. The -- the organic liquidity at these  
15 exchanges has improved since we started.

16 Q. Can you -- can you flesh that out and  
17 describe what you've observed?

18 A. I think -- you can see it in the data. In  
19 general, most of these -- well, these exchanges that  
20 we're referring to, Bitso, Coins.ph, BTC markets, in  
21 the last two-and-a-half years have grown in terms of  
22 their trading volume. I don't have access to their  
23 user data, but I suspect part of it comes from the  
24 fact that they have more users. They also offer  
25 more products. You know, like so many other things



1 in the space that are in flux and growing.

2 Q. How has the organic growth of those  
3 corridors affected the need for GSR services?

4 MS. WAXMAN: Objection.

5 THE WITNESS: I think that as organic  
6 liquidity develops, the need for GSR to be providing  
7 the liquidity necessary to ensure, affects  
8 transactions at a fair market rate, that need  
9 decreases. And, in fact, I think we've seen it in  
10 our data. We -- we need -- Ripple keeps track of  
11 our hit ratio, meaning we tell Ripple how much we  
12 traded on this corridor, but then Ripple tells us,  
13 well, X percent matched ODL.

14 That X percent over time has been  
15 decreasing, I suspect because organic liquidity has  
16 been developing in these markets.

17 BY MS. ZORNBERG:

18 Q. Okay. Other than Ripple Labs, for  
19 approximately how many other clients in the digital  
20 asset space has GSR provided liquidity services?

21 A. Over [REDACTED].

22 MS. WAXMAN: Is there a time period for  
23 that?

24 THE WITNESS: I understood it since 2013,  
25 but ...



1 MS. ZORNBERG: That's fine.

2 Q. All right. You've been asked some  
3 questions -- turning now to another subject. You  
4 were asked some questions by the SEC about the GSR's  
5 services in providing programmatic selling of XRP on  
6 Ripple's behalf.

7 MS. ZORNBERG: Let me -- can I have  
8 Exhibit 103?

9 (Whereupon, Deposition Exhibit [REDACTED] 103  
10 was marked for identification.)

11 BY MS. ZORNBERG:

12 Q. Okay. I'm showing you this document.

13 MS. ZORNBERG: Do you have other copies of  
14 it? Okay. There you go.

15 Q. After you've had a moment to look at it,  
16 please tell me if you recognize it.

17 A. I remember it, yeah.

18 Q. So what is this document, Mr. [REDACTED],  
19 Exhibit 103, which, just for the record, has a GSR  
20 logo on the front page, a [REDACTED]  
21 [REDACTED] logo on the front page as well?

22 MS. WAXMAN: Objection.

23 THE WITNESS: I believe this was a  
24 document that GSR prepared for [REDACTED]. I believe what  
25 happened was [REDACTED] approached [REDACTED] and said, we know



1       that -- we think GSR's liquidity dating XRP on your  
2       behalf -- I'm summarizing, and we think we can do it  
3       better. And they prepared an analysis of their  
4       strategy, and they analyzed ours, and they came to  
5       the conclusion that they were going to do it better.  
6       And when we saw their analysis, we rebutted it, I  
7       guess you would say.

8       BY MS. ZORNBERG:

9           Q.    Yeah. Was the -- do you remember the year  
10       in which this was sent over?

11          A.    No, I do not. Are there any clues?

12          Q.    Well, I can represent to you that this  
13       was -- this was sent -- this document, Exhibit 103,  
14       was sent as an attachment to -- to [REDACTED]  
15       and others at GSR on June 11, 2019.

16               MS. WAXMAN: Object. And, Lisa, do you  
17       have the cover email showing the -- that he actually  
18       received this attachment or the email?

19               MS. ZORNBERG: I don't think we need to  
20       designate it. For the record, if you want, I'll  
21       give -- I can give you the Bates number of the cover  
22       email. It's -- it's GSR\_14586.

23               THE WITNESS: On the page that ends 301,  
24       first sentence says:

25                       "The migration to our new tech



1           stack (ETA July 2019) will allow us  
2           to take into account."

3           So this must have happened prior to that.

4       BY MS. WAXMAN:

5           Q.    Okay.   Sometime in 2019?

6           A.    I mean, maybe it was '18.   It was  
7           definitely before --

8           Q.    Yeah.   Let me -- let me direct your  
9           attention to page 5 of the document that has GSR --  
10          I'll use the GSR Bates stamp.   It's got -91 at the  
11          end.   And it's the page that has the header, "GSR  
12          Current Liquidation Program."

13          Okay.   Let me direct your attention to the  
14          third paragraph down, or the fourth, rather, where  
15          GSR's document says:

16                 "Although our current  
17                 execution strategy may not be  
18                 perfectly optimized, it utilizes  
19                 aggregation in a non-naive  
20                 approach, which results in fair  
21                 pricing for all participants  
22                 (pareto optimality) and avoids  
23                 material market impact in the short  
24                 and long term."

25          Do you see that?



1 A. Yes.

2 Q. Is that an accurate statement?

3 A. I was hoping you wouldn't ask me that,  
4 because I don't -- I'm not sure I understand what  
5 pareto optimality means. I don't think I wrote  
6 this.

7 Q. Okay. That makes two of us. But let's  
8 focus on the end of the sentence.

9 Do you agree that as of when this was  
10 prepared, GSR's execution strategy was one that --  
11 to avoid material market impact in the short and  
12 long term?

13 MS. WAXMAN: Objection.

14 THE WITNESS: Yes.

15 BY MS. ZORNBERG:

16 Q. Okay. And then in the next paragraph the  
17 document states:

18 "It is critical that the  
19 participants of the XRP liquidation  
20 program are not competing against  
21 each other."

22 And the following sentence says:

23 "The priorities are the health  
24 of the ecosystem and minimizing  
25 market impact."



1 Do you see that?

2 A. Yes.

3 Q. Can you just explain what it means to  
4 minimize market impact and why that was GSR's  
5 execution strategy?

6 MS. WAXMAN: Objection.

7 THE WITNESS: We had several entities  
8 looking to liquidate XRP through us. All these  
9 entities have, some of them have bigger, some have  
10 smaller amounts, but they all have significant  
11 holdings of XRP, which are orders of magnitude  
12 larger than the liquidity available in the market.

13 So what I was trying -- what we were  
14 trying to say here is that I totally understand how  
15 one of these entities might say, well, I want to  
16 sell all my XRP tomorrow. Well, if -- because they  
17 don't care about the other entities. And because we  
18 were doing all these XRP sales on behalf of all of  
19 these clients, we didn't want to let people -- or  
20 have people tripping over themselves and trying to  
21 get ahead of the rest. Had to do it in some kind of  
22 a controlled fashion.

23 And having a bird's eye view of all the  
24 different interests and being able to push back on  
25 some of these requests was a way that we tried to



1 maintain an orderly market and minimize the long  
2 term impact on the price of XRP.

3 If we -- to put it another way, if we  
4 had -- I don't remember specifics but I'm sure there  
5 were times when some of these clients called, said,  
6 well, you know, price of XRP just went up  
7 30 percent, can we sell all of it?

8 No, we cannot, there is not enough  
9 liquidity in the market to be able to do that.

10 BY MS. ZORNBERG:

11 Q. In your experience dealing with  
12 Ripple Labs, was Ripple supportive of the strategy  
13 of selling in a way that avoided material market  
14 impact?

15 A. Yes.

16 MS. WAXMAN: Objection.

17 BY MS. ZORNBERG:

18 Q. Let me ask you to turn the page to page 7,  
19 to the page that's titled "Unparalleled Experience."  
20 And the next-to-last sentence says:

21 "Our number one goal is to  
22 create and maintain a constructive  
23 environment for XRP. Unlike new  
24 competitors, we are not trying to  
25 make a quick profit by selling



1 XRP."

2 Do you see that?

3 A. Yeah.

4 Q. Did you view that as an accurate statement  
5 as of 2019?

6 A. Yes. And it's tied to what I was just  
7 saying on my previous comment. We weren't trying to  
8 maximize dollar revenues today or this week, but  
9 rather create a long-term program that would allow  
10 all of these large XRP holders to be able to  
11 monetize their position over time in a thoughtful  
12 manner.

13 Q. Was the reference to "new competitors" a  
14 reference to [REDACTED]?

15 A. In all likelihood, yes.

16 Q. So what -- what methods did GSR use in  
17 programmatically selling XRP on Ripple's behalf and  
18 on behalf of other clients, selling XRP on behalf of  
19 other clients to minimize the market impact?

20 MS. WAXMAN: Objection.

21 THE WITNESS: There's a wide range from  
22 trying to -- part of it is trying to gauge what is  
23 an appropriate amount of supply. We discussed this  
24 a few times earlier today. We felt that tying it to  
25 the amount of real trading volume was a reasonable



1 way to calibrate it. Then in terms of how the  
2 [REDACTED] actually execute the sales, I'll give  
3 you, just to illustrate my point. If -- if your  
4 [REDACTED] just sends XRP to the exchange and as soon  
5 as it hits the exchange just goes into the order  
6 book and hits a bid and hits a bid and hits a bid  
7 and hits a bid, that pattern is -- can be recognized  
8 by the market participants.

9 If other market participants recognize the  
10 pattern, chances are they will front run you. If  
11 they front run you, you're going to have a lower  
12 execution price.

13 Another way where we improved the  
14 execution price, as discussed earlier, was by  
15 providing [REDACTED]

16 [REDACTED] --

17 BY MS. ZORNBERG:

18 Q. Right.

19 A. [REDACTED]  
20 [REDACTED]

21 A third way in which we improved the net  
22 execution price, instead of -- most exchanges have

23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. Was spreading out sales over various exchanges another way to minimize market impact?

MS. WAXMAN: Objection.

THE WITNESS: Yes. To the degree that if you try and force too many sales through any one given exchange, you end up with the underlying problem of not enough liquidity. There's only so many market participants in any given exchange, there's only so much capital they have available to purchase XRP. So you couldn't route all of the sales to any one given exchange because you would probably end up creating dislocations.

BY MS. ZORNBERG:

Q. You were asked some questions by the SEC about Ripple being in favor of an orderly XRP



1 market.

2 Do you recall questions along those lines?

3 A. Yes.

4 Q. Okay. To your knowledge, did Ripple ever  
5 make any promise to anyone that it, Ripple Labs,  
6 would maintain an orderly market in XRP?

7 MS. WAXMAN: Objection.

8 THE WITNESS: No.

9 BY MS. ZORNBERG:

10 Q. So if we could go to a few of the  
11 documents that the SEC showed you, the first one I  
12 want to call your attention to is -- sorry, just  
13 give me one moment. Okay. [REDACTED]-15.

14 Okay. When the SEC was questioning you,  
15 they called your attention only to the August 6th  
16 2134, email that's second down from Patrick Griffin  
17 where he wrote:

18 "We saw the price was bid up  
19 pretty aggressively, fantastic."

20 And the SEC asked you about that sentence.

21 I want to direct you to your response to  
22 Mr. Griffin right above it at the top of the email  
23 where you wrote:

24 "GSR purchased XRP today, but  
25 our purchases started after the



1 first big move."

2 Did you see that?

3 A. Yeah.

4 Q. What does that mean, that the purchases  
5 started after the first big move?

6 A. Well, Patrick -- Patrick is saying, we saw  
7 the price go up a lot, and he's basically -- his  
8 question is getting at is, was that because you guys  
9 were buying. And my reply is, the price was already  
10 on the way up by the time we started buying.

11 Q. All right. You can put that aside.

12 MS. ZORNBERG: Can I have Exhibit 105.

13 Just one second. You know what, I don't  
14 think we need that exhibit. We can put it aside.

15 Q. Can we pull out the SEC exhibit that they  
16 showed you, [REDACTED]-53. It's the master purchase  
17 agreement.

18 A. Sorry, getting there. Here we go.

19 Q. Take your time.

20 A. Yeah.

21 Q. Okay. So you were asked some questions  
22 about a period of time in 2020 when [REDACTED] executed  
23 purchases of XRP on behalf of Ripple.

24 Do you recall that?

25 A. Yes.



1 Q. And -- and this exhibit, 53, was the  
2 agreement that governed those purchases between GSR  
3 and Ripple, right?

4 MS. WAXMAN: Objection.

5 THE WITNESS: I believe that's correct,  
6 yes.

7 BY MS. ZORNBERG:

8 Q. Let me -- let me direct your attention for  
9 a moment to Section 2 on page 2 of this agreement.  
10 And recognizing that I'm sure you did not draft the  
11 agreement and that you're -- you're not a lawyer, I  
12 do want to direct you to the Section 2A where it  
13 says "Execution Parameters."

14 And do you see that it starts with this  
15 sentence. Quote:

16 "The company will ensure" --

17 And actually, let me pause here because  
18 company here is defined as GSR Markets PTE. LTD.

19 A. Yeah.

20 Q. Okay. So GSR is the company. And it  
21 says:

22 "The company will ensure  
23 orderly markets and avoid undue  
24 market impact in relation to any  
25 purchases under this agreement,



1 including by ensuring compliance  
2 with the following parameters."

3 And then it goes on to list some  
4 parameters.

5 Do you see that?

6 A. Yes.

7 Q. Is it fair to say that Ripple and GSR both  
8 wanted those purchases to be conducted in a way that  
9 avoided undue market impact?

10 MS. WAXMAN: Objection.

11 THE WITNESS: I think so. Yes.

12 BY MS. ZORNBERG:

13 Q. Can I ask you to take a look at  
14 Exhibit [REDACTED] 64.

15 MS. ZORNBERG: Can you pull a copy of that  
16 for me?

17 THE WITNESS: Gosh, had to be the last  
18 one. Sorry.

19 BY MS. ZORNBERG:

20 Q. Okay. So this was one of the documents  
21 the SEC marked earlier. I want to direct your  
22 attention to the next to last page, which is a  
23 June 4, 2018, 12:04 p.m. email from [REDACTED]  
24 [REDACTED] to you.

25 Do you see it?



1 A. Sorry, I was looking --

2 Q. It's the next-to-last page.

3 A. Got it. 12:04, yeah.

4 Q. Okay. And I want to direct your attention

5 to the second paragraph in his email to you which

6 says:

7 "Again, we want to be

8 sensitive about targeting trading

9 only against what is real volume.

10 If you see evidence of fake volume,

11 please let us know."

12 Do you see that?

13 A. Yes.

14 Q. Did Mr. [REDACTED] as far as you

15 understand, share your desire to avoid trading on

16 fake volume?

17 A. Absolutely.

18 MS. WAXMAN: Objection.

19 BY MS. ZORNBERG:

20 Q. Do you have any knowledge of Ripple

21 switching from [REDACTED] to [REDACTED]

22 [REDACTED] out of a, you know -- well, let me just pause

23 there.

24 Do you have any information or knowledge

25 that that occurred?



1           A.    I know that the subject of fake volumes  
2    was a very important one, and we -- GSR and Ripple  
3    shared the view that we wanted -- we only cared  
4    about real volumes. And over time, we incorporated  
5    whatever information or signals we could find to  
6    help us better determine what we thought were real  
7    volumes.

8           You mentioned [REDACTED] going to  
9    [REDACTED]. I don't remember the specifics, but I  
10   think [REDACTED] was the first aggregator, and  
11   they came up with some measures of trustworthiness,  
12   and we probably used that measure at first. As  
13   other reporting outlets became more sophisticated,  
14   we incorporated their information into our  
15   determination of what was real.

16          Q.    Do you -- were you ever told that Ripple  
17    had switched to -- from [REDACTED] to  
18    [REDACTED] because it viewed the latter  
19    as being more reliable?

20               MS. WAXMAN: Objection.

21               THE WITNESS: I don't remember the  
22   specific date, but that was the philosophy by and  
23   large, yes.

24               BY MS. ZORNBERG:

25          Q.    Okay. You were asked some questions by --



1 by the -- let me -- let me ask you to pull out

2 [REDACTED] 29.

3 A. If I put them in order, this would go a  
4 lot faster.

5 MR. HANIN: I thought you were actually  
6 calling them emails, but you said put them in number  
7 order.

8 THE WITNESS: Is this towards the  
9 beginning or the end?

10 MS. ZORNBERG: I think it was the middle.

11 MR. HANIN: I put them in numerical order,  
12 so I can do it for you.

13 THE WITNESS: Okay. I got it.

14 MS. ZORNBERG: Your lawyer is not helping  
15 you at all.

16 MR. HANIN: I was helping myself.

17 BY MS. ZORNBERG:

18 Q. All right. Mr. [REDACTED], you were asked about  
19 this -- parts of this email by the SEC, and I want  
20 to go back over other parts.

21 First of all, just to level set, this is a  
22 string of emails from November 2016. Directing your  
23 attention to page 2 of the email -- well, before I  
24 direct your attention to certain language, I believe  
25 you testified earlier, after looking at the email,



1 that you think that the reference to press in this  
2 chain was a reference to the news that Chris Larsen  
3 had stepped down as CEO to become chairman.

4 And at the bottom of page 2, you had --  
5 you had pointed out Patrick Griffin's email at 1454:

6 "I'm only seeing positive  
7 sentiment on the news: General  
8 feeling seems to be that Ripple is  
9 doing well enough for Chris to take  
10 that move."

11 Do you remember being asked about that  
12 earlier today?

13 A. Yeah.

14 Q. Okay. And then you were asked a number of  
15 questions by the SEC about a reference above it to  
16 Patrick Griffin's additional email. But I want  
17 to -- first I want to focus you on your -- what you  
18 wrote on November 1st at 10:14 p.m. where you  
19 wrote, quote:

20 "I am very surprised that the  
21 price is reacting so well. We will  
22 continue to monitor closely as the  
23 market continues to digest the  
24 news. I've never been so glad to  
25 be wrong on a market call."



1 Do you see that?

2 A. Yeah.

3 Q. Is it fair to say that any expectation  
4 that you had that price in XRP would go down in  
5 reaction to the news proved incorrect?

6 MS. WAXMAN: Objection.

7 THE WITNESS: I think that's fair to say,  
8 yes.

9 BY MS. ZORNBERG:

10 Q. And to the extent that Patrick Griffin had  
11 been preparing for possible purchases of XRP, if --  
12 if the news affected price, he too was incorrect?

13 MS. WAXMAN: Objection.

14 THE WITNESS: Yes. Because, as you can  
15 see from his message on November 1st at 1529, he's  
16 giving us instructions 'cause I guess he's also  
17 expecting.

18 BY MS. ZORNBERG:

19 Q. So Ripple was wrong in that instance, just  
20 like you were wrong --

21 MS. WAXMAN: Objection.

22 BY MS. ZORNBERG:

23 Q. -- about how news might affect the market?

24 MS. WAXMAN: Objection.

25 THE WITNESS: I certainly was wrong. And



1 Patrick, too, yes.

2 BY MS. ZORNBERG:

3 Q. Okay. Let me -- and by the way,  
4 Ms. Waxman had asked you about Patrick's use of the  
5 term "target floor" in that email.

6 Now, the SEC only showed you this one  
7 email from November 2016 using the word target --  
8 the term "target floor." They haven't shown you any  
9 emails today with similar language after 2016.

10 MS. WAXMAN: Objection.

11 BY MS. ZORNBERG:

12 Q. As you sit here today, do you  
13 specifically -- do you have any recollection of  
14 Ripple discussing target floors in emails with you?

15 A. No, I don't have any recollection. Are  
16 you asking like when was the last time I thought I  
17 heard -- I mean ...

18 Q. No. You answered the question.

19 Okay. I have only one more SEC exhibit  
20 for you to dig out, and it's [REDACTED]-13.

21 A. Got it.

22 Q. I'd like to ask you to turn to page 3 of  
23 the email, which was not discussed earlier today,  
24 though other parts of this chain were. And I'd like  
25 to direct your attention to the July 21, 2016 email



1 that you wrote at 2:52. It's in the middle of  
2 page 3.

3 A. Yes.

4 Q. Okay. And in the email you wrote:

5 "Although market chatter has  
6 been very positive in the 72 hours  
7 following the news releases,  
8 trading volumes and XRP prices  
9 remain stagnant. Market  
10 capitalization rates are almost  
11 unchanged from last week, though we  
12 have seen a modest increase in  
13 CNY."

14 Do you see that?

15 A. Yes.

16 Q. What's CNY?

17 A. Chinese yuan.

18 Q. All right. Is this -- the portion of your  
19 email that I just read to you, is that another  
20 instance where a new release or news releases,  
21 however positively received, from your perspective,  
22 had -- did not impact trading volumes or XRP prices?

23 MS. WAXMAN: Objection.

24 THE WITNESS: That's -- that's what I'm  
25 saying in this note, quite clearly, right? There



1 has -- there has been positive market chatter  
2 following news releases. I don't remember what the  
3 releases were. But trading volumes and XRP prices  
4 have not reacted to it.

5 In general, this issue of crypto being a  
6 nascent market and having very little liquidity  
7 means that there's an enormous amount of noise. And  
8 it's very difficult to point one way or the other.  
9 And, you know, sometimes I guess in a more mature  
10 market, you would expect, as real news comes to a  
11 head, you would expect them to observe the price  
12 follow, whereas in crypto, maybe it gets lost in the  
13 wash.

14 BY MS. ZORNBERG:

15 Q. All right. You can put that document  
16 aside.

17 I'd like to go back to a question and  
18 answer you were asked by the SEC earlier today just  
19 to clarify something.

20 You were asked -- you were asked about the  
21 Ledger in gateways, some general questions about  
22 that back in 2015. And you gave an -- you gave an  
23 answer, which the transcript will reflect, stating  
24 that in 2015, "It wasn't easy to access Ripple and  
25 that the more gateways there are, the more people



1 who can use Ripple."

2 That's what we -- on a break, we took from  
3 the transcript. What did you mean by your use of  
4 the term "Ripple" in that answer? What were you  
5 referring to that it wasn't easy to access Ripple?

6 A. You couldn't use the Ripple Network or the  
7 Ripple Consensus Ledger. You had to -- back then,  
8 before XRP was listed on other exchanges, whatever,  
9 you could transact on the Ripple Consensus Ledger by  
10 depositing money into it via a gateway or  
11 withdrawing it using a gateway. So I was referring  
12 to the Ripple Network or the Ripple Consensus  
13 Ledger.

14 Q. Okay. Was the Ledger something that  
15 existed separate and apart from Ripple Labs, the  
16 software company?

17 MS. WAXMAN: Objection. Asked and  
18 answered.

19 THE WITNESS: Yes.

20 BY MS. ZORNBERG:

21 Q. Mr. [REDACTED], is it fair to say that GSR cares  
22 about operating its business in a legally compliant  
23 manner?

24 A. Absolutely.

25 MS. WAXMAN: Objection.



1 BY MS. ZORNBERG:

2 Q. And you --

3 MS. ZORNBERG: What's the basis for the  
4 objection?

5 MS. WAXMAN: You're testifying for him.

6 MS. ZORNBERG: That's not correct and the  
7 transcript will reflect what it reflects.

8 Q. Do you personally care about operating  
9 GSR's business in a legally compliant manner?

10 A. Very much so.

11 Q. Without disclosing your communications  
12 with counsel, has GSR, from time to time, consulted  
13 with lawyers to ensure it was operating in a legally  
14 compliant manner?

15 MS. WAXMAN: Objection.

16 THE WITNESS: Yes.

17 BY MS. ZORNBERG:

18 Q. You also testified this morning that GSR,  
19 whether through its management or its lawyers, had  
20 reached out -- had met with the SEC, correct?

21 A. Yes.

22 Q. On approximately -- to your knowledge,  
23 approximately how many times has GSR reached out to  
24 the SEC since -- since GSR came into existence?

25 A. The instance I described this morning was



1 the first time where we -- for want to have a better  
2 expression, the open kimono thing, this is us, this  
3 is what we do. But I have had conversations with  
4 the SEC prior to that, with Daphna last year.

5 Q. Okay. And other than the conversation  
6 with Daphna last year and your meeting in  
7 January 2021 with the SEC, are you aware of whether  
8 GSR or its lawyers have reached out through phone,  
9 in person or writing to the SEC on other occasions?

10 MS. WAXMAN: Objection.

11 THE WITNESS: I believe -- in fact, I hope  
12 that the gentleman who we hired at the end of last  
13 year, who's the CEO of GSR USA, is engaging with the  
14 SEC and other regulators on our behalf and has been  
15 doing so on a regular basis over the last eight or  
16 nine months.

17 BY MS. ZORNBERG:

18 Q. Without disclosing any communications  
19 you've had with counsel, does GSR have regulatory  
20 counsel?

21 A. Yes.

22 Q. Who is that?

23 A. [REDACTED].

24 Q. Okay. Who at [REDACTED], if you know?

25 A. [REDACTED] and -- and a gentleman who's [REDACTED].



1 perhaps.

2 Q. Close enough. Close enough.

3 MR. HANIN: [REDACTED]

4 BY MS. ZORNBERG:

5 Q. Focusing your attention on the period of  
6 time before December 22nd, 2020, when the SEC  
7 filed the lawsuit against Ripple Labs, has -- had  
8 the SEC ever communicated to GSR that it believed  
9 GSR was violating U.S. security law?

10 A. No.

11 Q. Had the SEC ever communicated, prior to  
12 December 22nd, 2020, to GSR that in the SEC's  
13 view, XRP was a security?

14 MS. WAXMAN: Objection.

15 MR. HANIN: Objection to the foundation,  
16 but . . .

17 THE WITNESS: I don't -- I don't recall.  
18 I -- I don't recall if it came up. If it -- if that  
19 would have happened, it would have happened during  
20 my conversation with Daphna, but I don't recall the  
21 details of that conversation. I do know that if --  
22 I mean, it's something I would have remembered if --  
23 to be blunt, if the SEC says we don't like this,  
24 don't do it, we just won't do it.

25 / /



1 BY MS. ZORNBERG:

2 Q. But the SEC never told you to stop --

3 A. No.

4 Q. -- transactions in XRP, correct?

5 A. No.

6 MS. WAXMAN: Objection.

7 BY MS. ZORNBERG:

8 Q. And is that true to this day?

9 A. I don't believe the XRP [sic] has told us  
10 anything. When we had that meeting in January we  
11 told the people from the SEC that we were -- we had  
12 stopped trading XRP on behalf of Americans and  
13 exchanges that catered to Americans, et cetera. We  
14 were going to continue servicing ODL from our  
15 Singapore entity facing off with Ripple's  
16 Singaporean entity. We felt it was important to be  
17 up front about that.

18 Q. In your prior answer, I think you called  
19 the SEC XRP --

20 MR. HANIN: XRP, yeah.

21 BY MS. ZORNBERG:

22 Q. -- and I think they'll take great umbrage  
23 to that. Do you want to correct that?

24 A. Yes.

25 Q. You meant the SEC?



1           A.    Did I make the mistake again?

2                   MR. HANIN:   This was a different  
3 conflation, but no -- yes, obviously, he meant SEC,  
4 not XRP.

5                   THE WITNESS:   I'm sorry.

6                   MS. ZORNBERG:   Feel free to change the  
7 agency name, Ms. Waxman.

8                   MS. WAXMAN:   We'll take it under  
9 advisement.

10           BY MS. ZORNBERG:

11           Q.    Are you aware of jurisdictions outside the  
12 United States that have declared that XRP is a  
13 virtual currency not regulated by securities laws in  
14 those countries?

15                   MS. WAXMAN:   Objection.

16                   THE WITNESS:   I believe Singapore is one  
17 of those.

18           BY MS. ZORNBERG:

19           Q.    Are you aware of any jurisdiction outside  
20 the United States that has, as of today, has  
21 declared XRP is a security?

22           A.    No.

23                   MS. WAXMAN:   Objection.

24           BY MS. ZORNBERG:

25           Q.    You mentioned earlier in your testimony by



1 the SEC that -- and if I get this wrong, please  
2 correct me, but I think I heard you to say that part  
3 of the meeting with the SEC in January entailed  
4 telling them or expressing the view that the  
5 regulations are unclear or that the framework  
6 doesn't exist yet.

7 MS. WAXMAN: Objection.

8 BY MS. ZORNBERG:

9 Q. I don't want to misstate your testimony.  
10 But -- so let me just put it this way: From where  
11 you sit operating GSR, do you have a view as to  
12 whether the SEC's regulations or view of regulations  
13 applicable to crypto exchanges in the digital asset  
14 industry have been clear or unclear?

15 MS. WAXMAN: Objection.

16 THE WITNESS: I wouldn't know where to  
17 draw the line in the sand between clear and unclear,  
18 but we always welcome more clarity.

19 MS. ZORNBERG: Why don't we take a short  
20 break, if we could.

21 THE VIDEOGRAPHER: Going off the record at  
22 4:04 p.m.

23 (Whereupon, a recess was taken.)

24 THE VIDEOGRAPHER: We're going back on the  
25 record at 4:14 p.m.



1 MS. DEARBORN: Lisa, do you want to --

2 MS. ZORNBERG: I have nothing further from  
3 Ripple Labs.

4 EXAMINATION BY MS. DEARBORN

5 BY MS. DEARBORN:

6 Q. Good afternoon, Mr. [REDACTED]

7 A. Good afternoon.

8 Q. My name is Meredith Dearborn, I represent  
9 Chris Larsen.

10 You and I have never met, right?

11 A. I don't think so.

12 Q. Okay. Me neither.

13 So we've talked about a variety of  
14 different GSR entities or operations today. Which  
15 GSR entities, to your knowledge, were involved in  
16 providing services to Mr. Chris Larsen?

17 A. I believe GSR Holdings, which is a  
18 misnomer, because it's not a holding company, but  
19 GSR Holdings historically took care of XRP  
20 programmatic liquidations, whereas GSR Markets was  
21 the operating company from which we did, for  
22 example, ODL, and I believe it's the operating  
23 company from which we traded derivatives, so on.

24 Q. Other than GSR Holdings and GSR Markets,  
25 were any other GSR entities involved in providing



1 services to Mr. Larsen?

2 A. I don't think so.

3 Q. Is the same true of Mr. Garlinghouse?

4 A. Yes.

5 Q. And is the same true -- I'm sorry, go  
6 ahead.

7 A. I was just gonna say one more thing. GSR  
8 Markets, when I refer to GSR Markets, the first GSR  
9 Markets was incorporated in Hong Kong. Then we  
10 cloned our operating companies in Singapore when the  
11 MAS released their legal framework. And that -- we  
12 applied with our Singaporean operating companies,  
13 just to be clear.

14 Q. Thank you for the clarification.

15 And is the same -- is the same answer true  
16 as to Ripple, that the only entities to provide  
17 services to Ripple were GSR Holdings and GSR Markets  
18 and the cloned entities --

19 A. Whether Hong Kong -- I believe so, yes.

20 Q. You've anticipated my next question, which  
21 is where is GSR Holdings located?

22 A. The original GSR Holdings was in Hong  
23 Kong. And we cloned it in Singapore, but we -- I  
24 don't think we ever actually did anything with it.

25 Q. Okay. And where is GSR Markets located?



1 A. Hong Kong and Singapore.

2 Q. Okay. Does GSR have computer services --  
3 servers that it uses for its business? And when I  
4 speak about GSR, I'll just be speaking about those  
5 two entities; is that fair?

6 A. Holdings and Markets?

7 Q. Yes, please.

8 A. Okay.

9 Q. Okay. So do those two entities have  
10 computer services that they use -- computer servers  
11 that they use for their business?

12 A. Yes.

13 Q. Where are they located?

14 A. All over the world.

15 Q. Okay. And when did those two entities  
16 incorporate in Hong Kong and then in Singapore?

17 A. In Hong Kong in the first half of 2017.

18 Q. And when did they -- when were they cloned  
19 in Singapore?

20 A. At some point in 2020, I believe. It  
21 might have been earlier.

22 Q. Thank you.

23 A. Might have been 2019.

24 Q. Thank you.

25 Before 2017, where -- were there any other



1 entities that provided Mr. Larsen, let's take

2 Mr. Larsen first, Mr. Larsen with services?

3 A. Yes. Before 2017, we were incorporated in  
4 Andorra.

5 Q. Where is Andorra?

6 A. It's on the Pyrenees on the border between  
7 Spain and France.

8 Q. Okay. It's in Europe?

9 A. Yes.

10 Q. Okay. I had to look it up, actually.

11 A. Not a lot of people know about it.

12 Q. Okay. So from 2013 --

13 (Reporter clarification.)

14 MS. DEARBORN: 2013.

15 Q. From 2013, which is the start of GSR, I  
16 believe you testified, to about 2017, when GSR moved  
17 to Hong Kong, were all of the services that GSR  
18 provided to Mr. Larsen done from Andorra?

19 A. From an Andorran entity, yes.

20 Q. Okay. And is the same true of  
21 Mr. Garlinghouse?

22 A. Yes.

23 Q. Okay. And is the same true of Ripple?

24 A. Yes.

25 Q. Now, today, does GSR have any United



1 States-based subsidiaries or operations?

2 A. We have a U.S. opco called GSR USA, I  
3 believe.

4 Q. At any point in time, have any of those  
5 United States-based subsidiaries or operations ever  
6 been involved in any services provided for  
7 Mr. Larsen?

8 A. No.

9 Q. Have any of those subsidiaries or  
10 operations been involved in providing services to  
11 Mr. Garlinghouse?

12 A. No.

13 Q. Have any of those services or operations  
14 been involved in providing services to Ripple?

15 A. No.

16 Q. Sorry, I misspoke. Subsidiaries or  
17 operations, but you understood that to be my  
18 question?

19 A. Understood.

20 Q. Okay. Does GSR have any U.S.-based  
21 personnel?

22 A. Today?

23 Q. Mh-hmm.

24 A. Yes.

25 Q. Have any of those personnel been involved



1 in providing services for Mr. Larsen, to your  
2 knowledge?

3 A. I don't think so.

4 Q. How about for Mr. Garlinghouse?

5 A. No.

6 Q. Or for Mr. -- or for Ripple?

7 A. Now, yes.

8 Q. Okay. And you testified that you were the  
9 primary point of contact for Ripple and for  
10 Mr. Larsen and for Mr. Garlinghouse in providing  
11 GSR's services.

12 Do I have that right?

13 A. That's correct.

14 Q. And you said you live in [REDACTED]?

15 A. Yes.

16 Q. When you were performing services for any  
17 of those three clients, from where were you  
18 principally located?

19 A. Typically [REDACTED].

20 Q. Okay. So we've spoken a little bit about  
21 trades that GSR helped to effectuate on the XRP  
22 Ledger, right?

23 A. Yes.

24 MS. WAXMAN: Objection.

25 / /



1 BY MS. DEARBORN:

2 Q. And we've also spoken about trades that  
3 GSR has helped to effectuate that are based on  
4 exchanges, right?

5 A. Yes.

6 MS. WAXMAN: Objection.

7 BY MS. DEARBORN:

8 Q. Okay. I just want to get a sense of the  
9 relative proportion of the trading activity that you  
10 have conducted for, let's start with Mr. Larsen,  
11 that were conducted on the Ledger versus on  
12 exchanges.

13 So as a general matter, what is the --  
14 how -- over the period -- over time from 2013 to  
15 2019, what -- what -- just give me a sense of the  
16 comparative volume of trades that were done on  
17 exchanges versus on the Ledger?

18 MS. WAXMAN: Objection.

19 THE WITNESS: Since -- since 2013?

20 BY MS. DEARBORN:

21 Q. Yes, please.

22 A. Well, 2014, which is I guess when we  
23 started, there -- I think there was only the Ledger,  
24 so 100 percent of our trading activity was on the  
25 Ledger.



1 By late '16, if I remember, from reading  
2 the documents, we were already trading XRP on  
3 Poloniex, I think it was. If I remember correctly,  
4 as soon as XRP started to appear on centralized  
5 exchanges, the trading volume of XRP off Ledger  
6 dwarfed the trading volume of XRP on Ledger, which  
7 is also -- it's not specific to Ripple either. Same  
8 thing happened with others.

9 Q. Yeah. Is it fair to say that since 2017,  
10 the -- all of the trading activity that you have --  
11 that GSR has helped to perform for Mr. Larsen has  
12 happened off Ledger?

13 MS. WAXMAN: Objection.

14 THE WITNESS: I believe so.

15 BY MS. WAXMAN:

16 Q. And how about for Mr. Garlinghouse?

17 A. I'm not sure we ever did anything on  
18 Ledger for Mr. Garlinghouse.

19 Q. And how about for Ripple?

20 A. Similarly to Chris, I don't -- I don't  
21 recall really doing anything on Ledger in years.

22 Q. Okay. And so since 2017, just so the  
23 record is clear, at -- all of the trading activity  
24 that you have performed for any of those three  
25 clients have been done on cryptocurrency exchanges?



1           A.    Yeah.  I mean, yes, with the caveat that  
2   we -- I'm sure we probably traded XRP over the  
3   counter with somebody, so that didn't happen on an  
4   exchange.

5           Q.    Okay.

6           A.    But it's -- we haven't done anything on  
7   Ledger, I don't think.

8           Q.    Okay.  So if I revised that question to  
9   say since 2017, the vast majority of the trading  
10   activity that GSR has performed for any of those  
11   three clients, Mr. Larsen, Mr. Garlinghouse or  
12   Ripple, has been done on cryptocurrency exchanges --

13          A.    Yes.

14          Q.    -- would that be more accurate?

15          A.    That is correct.

16          Q.    Okay.

17                MS. WAXMAN:  Objection.

18   BY MS. DEARBORN:

19          Q.    So when trading XRP for a client like  
20   Mr. Larsen, I believe you testified as to this, but  
21   do I have it right that GSR is effectively acting on  
22   those clients' behalf?

23                MS. WAXMAN:  Objection.

24                THE WITNESS:  That's my interpretation and  
25   I'm their execution agent or whatever term you want



1 to -- technical term you would use.

2 BY MS. DEARBORN:

3 Q. Okay. So a client could decide to stop  
4 trading if the client wanted to and GSR would  
5 comply?

6 A. Of course.

7 MS. WAXMAN: Objection.

8 BY MS. DEARBORN:

9 Q. Of course is your answer?

10 A. Yes. Of course.

11 Q. Okay. Would GSR ever undertake a trade  
12 that its client told it not to do?

13 A. No.

14 Q. Okay. Now, we talked a lot about  
15 programmatic trading or exchange trading in this  
16 deposition, and I just would like to go sort of step  
17 by step and figure out exactly what happens in each  
18 one of the steps of a programmatic trade.

19 And by the way, just for terminology's  
20 sake, would you prefer I use the term programmatic  
21 trade or exchange trade or something else?

22 A. I'm indifferent.

23 Q. Okay. Let's just call it an exchange  
24 trade, a trade on a cryptocurrency exchange.

25 A. Mh-hmm.



1 Q. So, first of all, as of -- let's take  
2 year-end 2019. Is the way that GSR would execute a  
3 trade on a cryptocurrency exchange the same for  
4 Mr. Larsen and Mr. Garlinghouse and Ripple?

5 MS. WAXMAN: Objection.

6 THE WITNESS: Yes.

7 BY MS. DEARBORN:

8 Q. Okay. So if I just talk about the  
9 clients, can we assume that I'm talking about all  
10 three?

11 A. The mechanics should be similar, yes.

12 Q. Okay. If there is a difference as to any  
13 one of those three entities in the tradings and the  
14 services that GSR provided, will you just let me  
15 know?

16 A. Yes.

17 Q. Okay. So first step, how does GSR come to  
18 be in possession of XRP to be traded on the clients'  
19 behalf?

20 MS. WAXMAN: Objection.

21 MS. DEARBORN: What's the basis for the  
22 objection?

23 MS. WAXMAN: It's a legal question.

24 MS. DEARBORN: It's definitely not, but  
25 okay.



1 Q. How does GSR come -- so does GSR come  
2 to -- somehow come to be in possession of XRP that  
3 belongs to a client?

4 A. So the client will send us XRP, we will  
5 receive it in a Ripple wallet. We'll -- you know --  
6 I'm guessing the next question is going to be and  
7 then where does it go, right?

8 So we receive it in a Ripple wallet.  
9 Typically --

10 Q. Do you mind if I stop you there --

11 A. Yeah, go ahead.

12 Q. -- so we can talk about this stepwise.

13 Okay. What do you mean by a Ripple  
14 wallet?

15 A. A wallet that is -- well, it's called a  
16 Ripple wallet but it's basically some software that  
17 allows you to take claim, if you will, or be able to  
18 operate some XRP. It's a construct on the Ledger.

19 Q. And that's a wallet that GSR designates  
20 for receipt of the XRP from the client?

21 A. Correct.

22 Q. Okay. Have you heard the terms "cold  
23 wallet" and "hot wallet" before?

24 A. Yes.

25 Q. What's the difference between the two?



1           A.    A cold wallet is not connected to any  
2   information system, so it's off-line and ostensibly  
3   safer than hot wallets which are more easily hacked.

4           Q.    So when the client first transfers XRP for  
5   the purpose of GSR executing trades with it, is that  
6   GSR designated wallet a cold wallet or a hot wallet?

7           A.    It's -- over time, it's changed. I'm not  
8   entirely certain. I know that we don't like to  
9   leave one XRP more than we need to in any hot wallet  
10   or in any exchange, because whenever you do so, you  
11   open yourself up to the risk of hack or theft. So  
12   all of the superfluous XRP is typically kept in a  
13   cold wallet.

14          Q.    Okay. So when the client sends GSR XRP to  
15   a GSR designated wallet, at that moment, who owns  
16   the XRP?

17          A.    I think the XRP is still owned by the  
18   client.

19          Q.    In fact, does GSR ever take ownership of  
20   the XRP through the entire trading process?

21                MS. WAXMAN: Objection.

22                THE WITNESS: Not to the best of my  
23   knowledge.

24                BY MS. DEARBORN:

25          Q.    Okay. And if XRP is not sold by GSR, does



1 GSR have to give that XRP back to the clients?

2 A. Yes.

3 Q. Okay. In that circumstance, is there any  
4 penalty for failing to sell -- failing to sell the  
5 XRP?

6 A. I --

7 MS. WAXMAN: Same objection.

8 THE WITNESS: I don't think so. I don't  
9 think I've seen that. I don't think we've ever been  
10 penalized for it, no.

11 BY MS. DEARBORN:

12 Q. Okay. So in order to come into possession  
13 of the XRP into the GSR designated wallet for  
14 trading, what, if anything, did GSR pay to its  
15 clients at that moment?

16 MS. WAXMAN: Objection.

17 THE WITNESS: What did we pay our client?

18 BY MS. DEARBORN:

19 Q. If anything.

20 A. We didn't pay our clients anything.

21 Q. Okay. So GSR paid no interest rate to its  
22 clients to come into possession of the XRP to be  
23 traded?

24 A. In the context of the programmatic sales,  
25 I don't think we paid any interest, no.



1 Q. And GSR didn't pay a fee to clients to  
2 come into possession of the XRP to be sold?

3 A. No.

4 Q. Okay. At this point, when the XRP is in a  
5 GSR designated wallet, is GSR on risk in any way for  
6 the XRP?

7 MS. WAXMAN: Objection.

8 MR. HANIN: If you understand.

9 THE WITNESS: Do you mean if we were  
10 hacked and the XRP disappear, would the risk be  
11 ours? I don't think so.

12 BY MS. DEARBORN:

13 Q. Okay.

14 A. No, it would not.

15 Q. And I think we covered this, but does GSR  
16 ever assume risk of being stuck with XRP that it  
17 can't sell?

18 MS. WAXMAN: Objection.

19 THE WITNESS: I don't understand the  
20 question because I don't see the risk. If we don't  
21 sell it, we simply return it.

22 BY MS. DEARBORN:

23 Q. Right. It's fair to say that XRP is just  
24 passing through GSR's custody?

25 MS. WAXMAN: Objection.



1 THE WITNESS: The XRP is passing through  
2 our software, yes. To our [REDACTED] and ..

3 BY MS. DEARBORN:

4 Q. And, again, at this point, does GSR own  
5 the XRP?

6 A. I don't think so.

7 Q. Okay. At this point, when the GSR is --  
8 when the XRP is in a GSR designated wallet, could  
9 the client decide that it didn't want to trade its  
10 XRP for any other currency at all?

11 A. Of course.

12 Q. A client could say, actually, give me back  
13 my XRP?

14 A. Yes.

15 Q. Okay. And GSR couldn't refuse at that  
16 point, right?

17 A. No. I can't imagine, no.

18 Q. Okay. Now let's go to the second step.

19 So presumably the XRP has to get to the  
20 exchanges somehow, right?

21 A. Correct.

22 Q. How does that happen? How does the XRP  
23 get to the exchanges?

24 A. So exchanges typically have receiving  
25 wallets. They'll have a deposit address. Typically



1     they'll have a destination that references our  
2     account, and we would send the XRP from the wallet  
3     that it was in into the exchanges wallet, and then  
4     the exchange would notify us, oh, 100 XRP has  
5     arrived.

6           Q.     Okay. And, at that point, when the XRP is  
7     in a receiving address wallet at the exchange, who  
8     owns the XRP?

9           MS. WAXMAN:   Objection.

10          THE WITNESS:   I believe -- nothing's  
11     changed. The XRP is still owned by the client.

12          BY MS. DEARBORN:

13          Q.     Right.

14                 And in layman's terms, does the client  
15     sort of have an account at the exchange or how does  
16     it work?

17          A.     No. The account is ours. We open up the  
18     account. Oftentimes we have -- the exchanges that  
19     support this feature, we're able to create  
20     subaccounts so that we don't commingle different  
21     clients' funds.

22          Q.     Okay. And how are buyers matched with  
23     sellers at the exchanges? What happens at the  
24     exchange?

25          A.     There -- there is something called a



1 matching engine, which I know very little about.

2 When an offer and a bid cross, a transaction occurs.

3 I apologize for my ignorance, but --

4 Q. I promise you you're less ignorant than  
5 me.

6 A. It's -- you know.

7 Q. Okay. I'm sorry, I didn't intend to cut  
8 off your answer.

9 A. There's an order book where there are a  
10 whole bunch of different offers at different price  
11 levels and with different sizes, and same on the bid  
12 side. And when those cross, transactions occur.

13 Q. Okay. And in -- what is GSR's role in  
14 that process?

15 A. In the context of the programmatic sales?  
16 As described earlier, you know, we will send orders  
17 to the exchange that will result in us selling a  
18 certain amount of XRP over a certain amount of time.  
19 The nature of those orders can change. Typically  
20 there has to be [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 So -- but by and large, what we do is  
25 send -- send, cancel, modify, receive orders that



1 result in us selling XRP for other units of value.

2 Q. Got it. And we've used -- you've used the  
3 word "order." Can you describe what an order is?

4 A. An order?

5 Q. Mh-hmm.

6 A. An instruction to either buy or sell  
7 something at a particular price for particular size.  
8 Can also be to modify an order, but yeah.

9 Q. Okay. So in the context of a situation  
10 where a client wanted to sell its XRP on an  
11 exchange, would an order be effectively -- would  
12 that be an offer price?

13 A. Correct.

14 MS. WAXMAN: Objection.

15 THE WITNESS: You offer to sell.

16 BY MS. DEARBORN:

17 Q. Okay. And when is that offer or order  
18 accepted?

19 A. When there's a bid, the opposite order  
20 that wants to purchase at least that much size at  
21 that price.

22 Q. Okay. Now, before an offer is accepted,  
23 could a client tell GSR, actually, I don't want to  
24 trade this XRP anymore, I'd like it back?

25 A. Yes.



1 Q. Okay. And it would be possible to stop  
2 those trades before they happen when -- before a  
3 trade was accepted, before an offer was accepted?

4 A. Yes. As soon as a client says stop,  
5 return the funds, we stop the bots, if you will.

6 Q. Okay. And do the clients have ultimate  
7 discretion in those offers, so if the client wants  
8 to offer less or more, up 'til the point that the  
9 offer is accepted, can the client modify that --

10 MS. WAXMAN: Objection.

11 BY MS. DEARBORN:

12 Q. -- that instruction?

13 A. The client has no bearing over our  
14 [REDACTED], which are proprietary in nature. The  
15 client gives us instructions to buy or sell or  
16 pause, and we execute that. But it's one thing to  
17 tell us, let's sell 30 basis points of the last 24  
18 hours total trading volume, which is a continuous  
19 order, and it's another thing, you know, tweak the  
20 way the offering [REDACTED] works. That doesn't  
21 happen.

22 Q. Got it.

23 But before the bid is accepted, could the  
24 client modify their -- the amount of XRP, for  
25 example, that they wanted to sell?



1           A.    Yeah, they could -- they could tell us to  
2    pause, they could tell us to ratchet up or slow  
3    down.   Yeah.

4           Q.    And the bid isn't -- or the sale isn't  
5    final, at that point, right?

6           MS. WAXMAN:  Objection.

7           THE WITNESS:  Correct.   The sale is only  
8    final when the bid and the offer cross.

9    BY MS. DEARBORN:

10          Q.    Okay.   So why do you say that?

11          A.    Because when -- in crypto, there is  
12    instantaneous settlement.   When that bid and offer  
13    cross, if we were selling XRP, we no longer have  
14    that XRP.   Now we have Bitcoin or dollars or yen or  
15    whatever it was that the buyer used to purchase the  
16    XRP from us.

17          Q.    Okay.   So just to summarize that, it's  
18    accurate to say that a sale that GSR makes on behalf  
19    of a client on a third-party exchange, that sale  
20    only becomes final after being -- after the offer  
21    and the acceptance are matched?

22          MS. WAXMAN:  Objection.   You're calling  
23    for him to make some legal conclusion.

24    BY MS. DEARBORN:

25          Q.    You can answer.



1 A. That's my understanding.

2 Q. Okay. And you've been working in this  
3 industry for at least seven years, right?

4 A. (Nods head.)

5 Q. So you have a -- I'm sorry, you have to  
6 give a verbal answer.

7 A. Yes. Sorry.

8 Q. So you have a pretty good understanding of  
9 how the exchanges work, right?

10 A. I think so.

11 Q. And you advise clients on their strategies  
12 for buying and selling cryptocurrencies on  
13 exchanges?

14 MS. WAXMAN: Objection.

15 THE WITNESS: At a high level, yes, but  
16 I'm not a quant trader.

17 BY MS. DEARBORN:

18 Q. Okay. Okay. How does GSR know when a  
19 sale of XRP to a buyer on an exchange has become  
20 final?

21 MS. WAXMAN: Objection.

22 THE WITNESS: The exchange should send us  
23 a fill. So we're connected to the exchange via an  
24 API. We send buy and sell orders, modify, whatever  
25 it is, to the exchange. My understanding, and I'm



1 no expert, is that when that bid and that offer  
2 cross, and there's a trade, the exchange is supposed  
3 to report a fill to us and let us know that our  
4 offer has now met a bid, the order has been canceled  
5 and now we're in possession of something else.

6 BY MS. DEARBORN:

7 Q. How do you access the record of that fill,  
8 to use your word?

9 A. I'm sorry, could you be more specific?

10 Q. Sure. I mean, do they send you an email  
11 or do you log on to your account at the exchange?  
12 How do you know?

13 A. No. It's via the API. And -- I think  
14 some exchanges might send end-of-day emails, but  
15 it's rare.

16 Q. Okay. And where, to your knowledge, are  
17 those final sales on the exchange recorded?

18 MS. WAXMAN: Objection. Lack of  
19 foundation.

20 THE WITNESS: You mean with regards to  
21 the -

22 (Reporter clarification.)

23 THE WITNESS: Do you mean where does the  
24 exchange record them or where do we record them?

25 / /



1 BY MS. DEARBORN:

2 Q. Where does the exchange record them, to  
3 your knowledge?

4 A. I presume that they record it on some  
5 server. They also -- they're supposed to report  
6 those trades on a ticker tape.

7 Q. Got it. And at what point in this whole  
8 process does the client no longer have the ability  
9 to stop a trade?

10 MS. WAXMAN: Objection.

11 THE WITNESS: After it's occurred.

12 BY MS. DEARBORN:

13 Q. After the match on the exchange?

14 A. Yes. I mean ...

15 Q. Okay. When does GSR have the ability to  
16 stop a trade, if the answer is any different?

17 A. We can -- that's a different question. We  
18 can stop a trade whenever we want. But once the bid  
19 and the offer has crossed the trade has occurred and  
20 you cannot reverse it.

21 Q. Okay. So once -- once that trade has  
22 occurred, what happens next?

23 A. In terms of?

24 Q. So how -- so let's say there's been a  
25 trade between XRP and Mexican pesos on an exchange.



1 A. Mh-hmm.

2 Q. How do the Mexican pesos then make their  
3 way back to the client, if that's their final  
4 destination?

5 MS. WAXMAN: Objection.

6 THE WITNESS: If the client wanted their  
7 Mexican pesos, they would instruct Bitso, in this  
8 case, the Mexican exchange, to withdraw pesos to  
9 their account.

10 BY MS. DEARBORN:

11 Q. Okay. So we've talked a little bit about  
12 the buyers of XRP on these exchanges. And I believe  
13 that you previously testified that GSR has no way of  
14 knowing the identity of the buyer of the XRP.

15 Do I have that right?

16 A. Correct.

17 Q. Okay. And so it's possible that that  
18 purchaser could reside outside of the United States,  
19 right?

20 MS. WAXMAN: Objection.

21 BY MS. DEARBORN:

22 Q. Let me rephrase.

23 Is it possible that that purchaser  
24 would -- is -- let me rephrase again.

25 Do you have any way of knowing whether or



1 not that purchaser is a foreign buyer?

2 MS. WAXMAN: Objection.

3 THE WITNESS: I have no way of knowing who  
4 is on the other side of the trades, but when we  
5 try -- when we trade on exchanges that don't cater  
6 to Americans, we do so with the expectation that  
7 there are no Americans on the exchange.

8 BY MS. DEARBORN:

9 Q. Okay. And on any exchange, regardless of  
10 whether it's a -- an exchange that caters to U.S.  
11 buyers or not, you would have no way of knowing  
12 where the buyer of XRP is located when they're  
13 executing a trade on the exchange; is that fair?

14 A. Correct.

15 MS. WAXMAN: Objection.

16 BY MS. DEARBORN:

17 Q. Okay. And it's possible that the XRP that  
18 is sold on those exchanges never makes its way back  
19 into United States at all, right?

20 MS. WAXMAN: Objection.

21 THE WITNESS: Yes.

22 BY MS. DEARBORN:

23 Q. Do you have any way of knowing one way or  
24 the other?

25 MS. WAXMAN: Objection.



1 THE WITNESS: No.

2 BY MS. DEARBORN:

3 Q. All right. If a sale of XRP is done on an  
4 exchange, is that sale recorded on the XRP Ledger?

5 A. No.

6 Q. That's why it's called an off-ledger  
7 trade?

8 (Reporter clarification.)

9 THE WITNESS: No.

10 BY MS. DEARBORN:

11 Q. Sorry, I believe the answer to that's why  
12 it's called an -- let me ask that question.

13 Is that why it's called an off-ledger  
14 trade?

15 A. Correct.

16 Q. Okay. Is an exchange trade validated by  
17 any of the nodes on the XRP Ledger?

18 A. No.

19 Q. Okay. And even though the trade is not  
20 recorded on the XRP Ledger, do you still consider  
21 that exchange trade to be final?

22 MS. WAXMAN: Objection.

23 THE WITNESS: Yes, of course.

24 BY MS. DEARBORN:

25 Q. Okay. Why?



1           A.    It couldn't be any other way.   A  
2           transaction is a transaction whether it occurs on  
3           one exchange or on the Ledger, trade's a trade.

4           Q.    Now, turning to the Ledger for a moment,  
5           depending on the circumstances, does the XRP Ledger  
6           show transactions that are not sales?

7                   MS. WAXMAN:  Objection.

8                   THE WITNESS:  The XRP Ledger shows  
9           movements.  Yes.

10          BY MS. DEARBORN:

11          Q.    Such as movements between one wallet and  
12          another, right?

13          A.    Yes.

14          Q.    Okay.  So -- and that doesn't necessarily  
15          mean that the XRP was sold from one buyer to  
16          another, right?

17          A.    No.  Correct.

18                   MS. WAXMAN:  Objection.

19          BY MS. DEARBORN:

20          Q.    And what are some of the other  
21          possibilities involved in a transfer from one wallet  
22          to another?

23          A.    I mean, why -- why do these transfers  
24          occur?

25          Q.    That's a fair question.  It's a little bit



1 speculative.

2 So, you know, for example, would the XRP  
3 Ledger potentially show a transfer between two  
4 wallets on the Ledger that were held by the same  
5 person?

6 MS. WAXMAN: Objection.

7 THE WITNESS: It could very easily, yeah.

8 BY MS. DEARBORN:

9 Q. Okay. Or a temporary -- a transfer from  
10 one wallet to another that was just a temporary  
11 transfer and the recipient would have to give it  
12 back?

13 MS. WAXMAN: Objection.

14 THE WITNESS: Yes. I mean, any number of  
15 combinations. It could be the same person,  
16 different people.

17 BY MS. DEARBORN:

18 Q. Okay. So can you tell from activity on  
19 the XRP Ledger whether ownership of XRP has passed  
20 from one wallet to another?

21 A. No.

22 Q. Okay. So after GSR started providing  
23 market making services to Mr. Larsen on the  
24 exchanges, were you generally aware of where  
25 physically the exchanges on which those trades took



1 place were located?

2 MS. WAXMAN: Objection.

3 THE WITNESS: Not really, and it's going  
4 to sound strange, but even today, a lot of these  
5 well known exchanges, it's unclear where they're  
6 located.

7 BY MS. DEARBORN:

8 Q. Okay. So I actually am unfortunately  
9 going to make you dig through your stack. If I  
10 could bring up [REDACTED]-42 please, which is an exhibit  
11 that Ms. Waxman showed you during her questions.

12 A. Okay.

13 Q. Okay. And Ms. Waxman asked you some  
14 questions about the location of the exchanges that  
15 are listed here.

16 Do you remember that testimony?

17 A. I think so.

18 Q. And she asked specifically whether any of  
19 these were U.S.-based exchanges.

20 Do you recall that?

21 A. Yes, I do.

22 Q. And one of the exchanges that you  
23 mentioned was Poloniex, right?

24 A. Correct.

25 Q. And you said that it was a U.S. exchange



1 at one point. Do I have that right? I don't want  
2 to mischaracterize your testimony?

3 A. Yes. I said that.

4 Q. What do -- what did you mean?

5 A. Well, Poloniex was supposedly founded by a  
6 gentleman from somewhere in Upstate New York. And  
7 from dealing with the people in Poloniex over the  
8 years, I know their support staff was somewhere in  
9 the northeast too. So it seemed as though Poloniex  
10 was operating from the United States, but I don't  
11 know that I ever saw the Article of Incorporation or  
12 I could confirm that in fact the company was based  
13 in the U.S.

14 Q. Okay.

15 A. It might have been in one of these  
16 Caribbean islands or -- yeah.

17 Q. So Ms. Waxman asked you to identify the  
18 exchanges on this list that were based in the United  
19 States.

20 As to the remainder of the exchanges that  
21 you didn't identify, to what extent, if at all, is  
22 it your understanding that they are located outside  
23 of the United States?

24 MS. WAXMAN: Objection.

25 THE WITNESS: I -- I think that the rest



1 of the exchanges are located outside of the United  
2 States.

3 BY MS. DEARBORN:

4 Q. Okay. To the best of your recollection,  
5 sort of -- what ballpark percentage, approximately,  
6 of Mr. Larsen's trades were executed on foreign  
7 exchanges?

8 A. Over the life of the selling program?

9 Q. Yes, sir.

10 A. On a dollar adjusted basis, not number of  
11 trades?

12 Q. We don't need --

13 A. What matters is the dollars?

14 Q. Mh-hmm.

15 A. I would guess higher than [REDACTED] percent was  
16 done offshore.

17 Q. Okay. Is the same true of  
18 Mr. Garlinghouse?

19 A. Yes. I -- I would imagine it would be  
20 similar.

21 Q. Is the same true for Ripple's programmatic  
22 sales?

23 A. Probably.

24 Q. Okay. So is it fair to say that you --  
25 that [REDACTED] executes cryptocurrency strategies on



1       behalf of your clients mostly on non-U.S. exchanges?

2               MS. WAXMAN:  Objection.

3               THE WITNESS:  Yes.  I guess that's fair.

4       BY MS. DEARBORN:

5               Q.  Okay.  And that's been true since the  
6       exchanges came online?

7               MS. WAXMAN:  Objection.

8               THE WITNESS:  Yes.  I mean, our -- we've  
9       always had a very light footprint in the U.S., and  
10      we started trading on Coinbase much later than  
11      everybody else.  A lot of our business was driven  
12      out of Asia in the earlier years.

13              MS. DEARBORN:  Okay.  If we can take a  
14      quick break, I might be fairly close to -- close to  
15      wrapping up.  But let me confer and see whether we  
16      have anything else.

17              MR. HANIN:  Sure.

18              THE VIDEOGRAPHER:  We're going off the  
19      record at 4:50 p.m.

20              (Whereupon, a recess was taken.)

21              THE VIDEOGRAPHER:  We're going back on the  
22      record at 5:12 p.m.

23       BY MS. DEARBORN:

24              Q.  Hello.  Just a few -- few more questions  
25      for me.



1           So how -- going -- moving back to the  
2 process of selling XRP on the cryptocurrency  
3 exchanges.

4           A.    Mm-hmm.

5           Q.    So we talked a lot about the order or the  
6 bidding process.

7           So how does a potential purchaser of XRP  
8 know when an offer to sell XRP has been placed?

9           A.    They will see an offer in the order book.

10          Q.    What's the order book?

11          A.    So the order book is all of the bids and  
12 offers for any particular cross.

13          Q.    And is that -- is that a record that the  
14 exchange maintains?

15          A.    Well, it's -- yes, in the sense when you  
16 log into the exchange, and you click that particular  
17 cross, you will see all the best bids and all the  
18 best offers.

19          Q.    Okay.

20          A.    And that is called the order book. So if  
21 a new offer pops up, somebody else puts in an offer,  
22 you'll see another sell order on the exchange.

23          Q.    Got it. So just to be clear, the offer  
24 book is specific to each exchange, each exchange has  
25 a different offer book?



1 A. Order book.

2 Q. I'm sorry, thank you, order book.

3 So each exchange has a different order  
4 book?

5 MS. WAXMAN: Objection.

6 THE WITNESS: Each exchange has multiple  
7 order books. Each cross has its own order book. A  
8 cross would be, for example, XRP against dollars.

9 BY MS. DEARBORN:

10 Q. Okay. But you couldn't look on one  
11 exchange's order book and see an offer to sell XRP  
12 made on a different exchange, for example?

13 MS. WAXMAN: Objection.

14 THE WITNESS: Generally, no, but there are  
15 some exchanges that pool liquidity. So you see an  
16 offer on one exchange and, in fact, that offer is  
17 occurring on another partner exchange.

18 BY MS. DEARBORN:

19 Q. Okay.

20 A. But it's not the norm.

21 Q. It's not the normal. Okay.

22 MS. DEARBORN: I have no further  
23 questions.

24 Counsel for Mr. Garlinghouse.

25 MR. LEVANDER: No questions on behalf of



1 Mr. Garlinghouse.

2 MS. ZORNBERG: And by stipulation of the  
3 parties before now, the SEC has agreed to limit its  
4 rebuttal period to ten minutes.

5 FURTHER EXAMINATION BY MS. WAXMAN

6 BY MS. WAXMAN:

7 Q. Mr. [REDACTED], earlier you explained to  
8 Ms. Dearborn that a sale of XRP is finalized when a  
9 bid is hit, correct?

10 A. When a bid crosses an offer.

11 Q. And you were talking about sales in --  
12 that GSR executed in relation to Mr. Larsen,  
13 correct?

14 A. I guess so, yes.

15 Q. But at the time -- at the moment that the  
16 bid was crossed, where was Mr. Larsen physically  
17 located?

18 MR. HANIN: Objection.

19 MS. ZORNBERG: Objection to form.

20 MR. HANIN: I don't know how he could know  
21 that.

22 THE WITNESS: I have no idea.

23 MS. DEARBORN: And also misstates the  
24 testimony.

25 / /



1 BY MS. WAXMAN:

2 Q. Is it possible that Mr. Larsen was  
3 physically located in the United States at the time  
4 that the sale of XRP was finalized?

5 A. I guess so.

6 MS. DEARBORN: Objection to form.

7 BY MS. WAXMAN:

8 Q. And at the moment that a sale was  
9 finalized on behalf of Ripple, where was Ripple  
10 physically located?

11 MS. DEARBORN: Objection to form.

12 THE WITNESS: I -- I mean, I guess Ripple  
13 has always been located -- I don't know where a  
14 company is located. At their headquarters.

15 BY MS. WAXMAN:

16 Q. Where is Ripple's headquarters?

17 A. I believe it's San Francisco.

18 Q. And did Ripple also maintain offices in  
19 New York?

20 A. Yes, they did.

21 Q. And at the time that a sale of XRP is  
22 finalized -- at the time that the sale of XRP for  
23 Mr. Garlinghouse was finalized, where was  
24 Mr. Garlinghouse physically located?

25 MR. LEVANDER: Objection.



1 THE WITNESS: I have no idea.

2 BY MS. WAXMAN:

3 Q. At times was Mr. Garlinghouse physically  
4 located in the United States?

5 MR. HANIN: Objection.

6 MR. LEVANDER: Same objection.

7 THE WITNESS: I presume so, but I have no  
8 idea.

9 BY MS. WAXMAN:

10 Q. Okay. When Mr. Larsen sells on an  
11 exchange, does that mean -- does that sale  
12 ultimately need to be reflected on the Ledger?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: On the Ripple Consensus  
15 Ledger?

16 BY MS. WAXMAN:

17 Q. Yes.

18 A. No, it doesn't.

19 Q. So the sales that occur on centralized  
20 exchanges, does the exchange ultimately send the  
21 transaction to the Ledger?

22 A. No.

23 MR. LEVANDER: Objection.

24 (Reporter clarification.)

25 / /



1 BY MS. WAXMAN:

2 Q. Does -- where does the XRP -- does the XRP  
3 stay in Mr. Larsen's wallet when the sale is  
4 finalized?

5 MS. DEARBORN: Objection to form.

6 THE WITNESS: No.

7 BY MS. WAXMAN:

8 Q. What happens to the XRP following a sale?

9 A. If -- if we're the ones offering the XRP,  
10 and a buyer comes in and bids through our offer, as  
11 soon as the bid crosses the offer, the XRP leaves  
12 our wallet, goes to the buyer, and we receive  
13 whatever the buyer was using to purchase the XRP.

14 Q. Earlier we were talking about GSR services  
15 in connection with ODL.

16 Isn't it true that when GSR provided  
17 liquidity in connection with ODL, GSR had no way of  
18 knowing if -- if the trade was in connection with an  
19 ODL transaction?

20 A. That's correct.

21 Q. And didn't Ripple, after the fact, have to  
22 tell GSR whether the trade had been in support of  
23 ODL?

24 A. That's correct.

25 Q. And some of GSR's trading was, in fact,



1 not in support of ODL, correct?

2 A. In the sense that we traded with other  
3 market participants while we were making markets on  
4 those exchanges, yes. That's correct.

5 Q. And when GSR was selling on behalf of  
6 Ripple and Mr. Larsen and Mr. Garlinghouse, GSR was  
7 selling continuously using an [REDACTED] correct?

8 A. Yes.

9 Q. And those trades happen 24 hours a day,  
10 seven days a week, correct?

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: That was the goal.

13 BY MS. WAXMAN:

14 Q. And if a -- if Ripple or Mr. Larsen or  
15 Mr. Garlinghouse wanted to alter their trading or  
16 stop their trading, wouldn't it take a bit of time  
17 for that change to be incorporated into the  
18 [REDACTED]?

19 A. We have what is effectively a kill switch.  
20 Client calls, says stop, we stop. However long the  
21 communication took from the client, whether it was  
22 an email or a phone call or ...

23 Q. Setting aside the kill switch, if a  
24 customer wanted to increase or reduce their trading,  
25 would it take a bit of time to incorporate that into



1 the [REDACTED]?

2 MS. ZORNBERG: Objection.

3 THE WITNESS: Do you mean like to adjust  
4 the percentage of the previous -- yeah. I mean,  
5 it's editing a couple lines of code. You have to  
6 edit, you have to commit it.

7 BY MS. WAXMAN:

8 Q. And what would you have to do to activate  
9 a kill switch?

10 A. You should know that nobody lets me touch  
11 any buttons, but our quants -- our quants do have  
12 kill switches for this very reason. There are times  
13 when -- when you're trading programmatically using  
14 code, things can go wrong. And very quickly, you  
15 can start doing thousands and thousands of trades.  
16 You need to have something to just turn it off  
17 before the damage is too big.

18 Q. Has GSR ever activated the kill switch for  
19 any of the bots related to either Mr. Garlinghouse,  
20 Mr. Larsen or Ripple?

21 A. I'm sure that over the years, you know, if  
22 we receive, from Ripple or Mr. Garlinghouse or  
23 Mr. Larsen, instructions to stop, we stop as quickly  
24 as we can. So we would, you know, hit the kill  
25 switch.



1 Q. And going back to an earlier question, was  
2 GSR offering trades via the [REDACTED] 24 hours a  
3 day, seven days a week?

4 MS. ZORNBERG: Object to form.

5 THE WITNESS: Were we offering trades? Do  
6 you mean placing offers to sell?

7 BY MS. WAXMAN:

8 Q. Yes.

9 A. Yes.

10 Q. Ms. Zornberg earlier showed you  
11 Exhibit 29, if you don't mind pulling that up. And  
12 she pointed out that your prediction regarding the  
13 movement of the market was not correct?

14 Do you remember that?

15 A. I remember her pointing it out, yes.

16 Q. And she also pointed out something similar  
17 with respect to Exhibit 13.

18 A. Yes.

19 Q. Do you remember that?

20 Putting aside the accuracy of your  
21 prediction, did you still have the hope or  
22 expectation that the news that are -- the news that  
23 is -- the news that's reflected in the email would  
24 have an impact on the XRP market?

25 MS. ZORNBERG: Objection.



1 MR. HANIN: Objection.

2 THE WITNESS: I don't understand the  
3 question.

4 BY MS. WAXMAN:

5 Q. Did you believe the news could potentially  
6 impact the market?

7 A. I mean, I -- I presume. That's why I said  
8 what I said on these emails or whatever, yeah.

9 Q. And also putting aside the accuracy of the  
10 prediction, the accuracy of your prediction or the  
11 accuracy of a prediction by Ripple, did Ripple  
12 believe that the news could have an impact on the  
13 XRP market?

14 MS. ZORNBERG: Objection.

15 MR. HANIN: If you know.

16 THE WITNESS: I have no way of knowing  
17 what Ripple believed, but I presume so.

18 BY MS. WAXMAN:

19 Q. Earlier you testified that GSR had  
20 operations within the United States, correct?

21 A. GSR has operations in the United States,  
22 yes.

23 Q. Okay. And does [REDACTED] work  
24 for GSR's U.S. operations?

25 A. Yes.



1 Q. Did [REDACTED] provide services to Ripple in  
2 connection with ODL while he was employed by GSR's  
3 U.S. operations?

4 A. He -- he talks -- he coordinates with  
5 Ripple.

6 Q. So your testimony earlier to Ms. Dearborn  
7 regarding whether GSR provides services to Ripple  
8 through a U.S. entity is not --

9 A. The timing was different there. I see  
10 where you're going with this, but [REDACTED] joined us  
11 at the end of last year and has been doing a basic  
12 support function for ODL. But I didn't think -- can  
13 we go back to the question that I had answered  
14 supposedly wrongly.

15 Q. Well, my question is -- and I just want to  
16 do it quickly.

17 MR. HANIN: You didn't answer any question  
18 wrong. You didn't answer any question wrong.

19 BY MS. WAXMAN:

20 Q. My question is: Did the U.S. GSR entity  
21 provide any services to Ripple in connection with  
22 ODL?

23 A. Oh, I see. I see. I guess --

24 MS. ZORNBERG: Object to form and maybe  
25 fix a time.



1 THE WITNESS: To the extent that I believe  
2 [REDACTED] is an employee of GSR USA, and that he has  
3 had some communications with Ripple, I guess that's  
4 correct that GSR USA had been involved. But really,  
5 the operating company for -- for ODL is GSR Markets.  
6 It's not GSR USA.

7 BY MS. WAXMAN:

8 Q. But does [REDACTED] provide any support to  
9 Ripple in connection with ODL?

10 A. Basic communications with them, yes.

11 MS. ZORNBERG: The end of ten minutes.

12 MS. WAXMAN: I just have two more  
13 questions, if that's okay. I have three questions.  
14 I just want to be --

15 Q. Did the SEC ever communicate to you or  
16 anyone else at GSR that XRP was not a security?

17 A. No.

18 Q. Did GSR ever call the SEC to inquire about  
19 XRP's status under the U.S. securities laws?

20 MR. HANIN: Objection.

21 THE WITNESS: Well, I mean, when you say  
22 call the SEC, like I would -- there's not a hotline  
23 number, right. But --

24 BY MS. WAXMAN:

25 Q. There is.



1 A. Oh, there is? Oh. But --

2 MS. ZORNBERG: Objection.

3 MR. HANIN: Yeah. Same objection. I'm  
4 not aware of a hotline but all right.

5 MS. ZORNBERG: I think that testimony  
6 should count as one of your three questions.

7 THE WITNESS: When -- when we spoke with  
8 the SEC in January, we -- we tried to be as  
9 transparent as possible in the hope that somebody  
10 would give us some guidance.

11 BY MS. WAXMAN:

12 Q. Were you aware of any agreement between  
13 Mr. Larsen and Ripple in which he agreed not to sell  
14 XRP during the period of time that Ripple was buying  
15 XRP?

16 MS. ZORNBERG: Objection.

17 THE WITNESS: No.

18 MS. ZORNBERG: That was three questions.

19 MS. WAXMAN: Mr. [REDACTED], thank you very much  
20 for your time today. We have no further questions.

21 THE WITNESS: Thank you, Daphna.

22 THE VIDEOGRAPHER: That concludes today's  
23 deposition. We're going off the record at 5:27 p.m.

24 (Whereupon, the deposition concluded  
25 at 5:27 p.m.)



## 1 CERTIFICATE OF WITNESS

2  
3  
4 I, [REDACTED], do hereby declare under  
5 penalty of perjury that I have read the entire  
6 foregoing transcript of my deposition testimony,  
7 or the same has been read to me, and certify that  
8 it is a true, correct and complete transcript of  
9 my testimony given on August 11, 2021, save and  
10 except for changes and/or corrections, if any, as  
11 indicated by me on the attached Errata Sheet, with  
12 the understanding that I offer these changes and/or  
13 corrections as if still under oath.

14 \_\_\_\_\_ I have made corrections to my deposition.

15 \_\_\_\_\_ I have NOT made any changes to my deposition.

16  
17 Signed: [REDACTED]

18  
19 Dated this \_\_\_\_\_ day of \_\_\_\_\_ of 20\_\_\_\_.



## 1 CERTIFICATE OF REPORTER

2 I, Kathleen A. Wilkins, Certified  
3 Shorthand Reporter licensed in the State of  
4 California, License No. 10068, hereby certify that  
5 deponent was by me first duly sworn, and the  
6 foregoing testimony was reported by me and was  
7 thereafter transcribed with computer-aided  
8 transcription; that the foregoing is a full,  
9 complete, and true record of proceedings.

10 I further certify that I am not of counsel  
11 or attorney for either or any of the parties in the  
12 foregoing proceeding and caption named or in any way  
13 interested in the outcome of the cause in said  
14 caption.

15 The dismantling, unsealing, or unbinding  
16 of the original transcript will render the  
17 reporter's certificates null and void.

18 In witness whereof, I have hereunto set my  
19 hand this day: August 13, 2021

20 \_\_\_\_\_ Reading and Signing was requested.

21 \_\_\_\_\_ Reading and Signing was waived.

22  x  Reading and Signing was not requested.

23 \_\_\_\_\_  
24 KATHLEEN A. WILKINS

25 CSR 10068, RPR-RMR-CRR-CCRR-CLR-CRC



## ERRATA SHEET

Deposition of: [REDACTED]  
Date taken: AUGUST 11, 2021  
Case: SEC v. RIPPLE LABS, INC., et al.

PAGE LINE

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

CHANGE: \_\_\_\_\_  
REASON: \_\_\_\_\_

Signed \_\_\_\_\_  
Dated \_\_\_\_\_



**transcript word index**

































































































































































